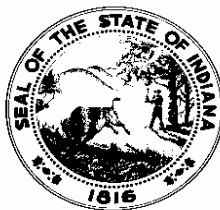


# **STATE STUDENT ASSISTANCE COMMISSION**

## **OPERATING BUDGET REQUEST**

**2007-2008 & 2008-2009  
FY08 & FY09**

**September 30, 2006  
Version 1.01**



*State Student Assistance Commission  
Operating Budget Request  
2007-2008 to 2008-2009  
(FY08 & FY09)*

*September 30, 2006*

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**State Student Assistance Commission  
Operating Budget Request  
2007-2008 to 2008-2009**

**EXECUTIVE SUMMARY**

For 40 years, the State Student Assistance Commission of Indiana has been helping Indiana students and families meet the costs of a college education. There are three parts to the Commission's mission:

- To make college *affordable* with guaranteed student grants.
- To allow greater *choice* by granting awards to students attending public, private and proprietary colleges.
- to increase *college preparation* by giving additional grants to Twenty-first Century Scholars and to students graduating from high school with Core 40 and Academic Honors Diplomas and *military preparedness* through special grants to students also active members of the Indiana National Guard.

The Commission accomplishes its mission with:

- *Need-based and merit-based* programs for full-time and part-time students.
- *Special Program* grants for nurses, working students, minority students, children of disabled veterans and others.
- *Early Intervention* programs for Twenty-first Century Scholars.
- *Outreach Programs* to promote awareness of financial aid.
- *Research* to better understand the needs of Hoosier students and families.
- *Technology* to make the delivery of awards as simple as possible for students and colleges.

Over the past fifteen years Indiana has made great strides in raising the educational level of Hoosiers, improving the college preparedness of its high school graduates, improving its college-going rates, and preparing a college-educated workforce able to meet the technological challenges of a changing global economy. But Indiana has a long way to go. Without continued investment in higher education, especially student financial aid, Indiana would be taking steps backward. Indiana must continue to invest in the future, meet its commitments to students, meet the needs of Hoosier families, and combat the raising costs of college tuition on a number of fronts:

- An improved economy so that Hoosier families can have the resources needed to help pay their share of college costs.
- Increased financial support for public colleges from an improving state budget.
- Increased efficiencies in the system of higher education and at individual colleges, public, private, and proprietary to keep tuition increases low.



- And increased financial aid to bring the system back up to a level of funding that narrows the growing gap between the tuition families pay and what is subsidized by financial aid.

The funds the Commission estimates it needs for the next biennium are listed in the Appendix and summarized in Table 26. The estimates are based on the best available data and assumptions. Unfortunately the estimates for the major need-based program, the Frank O'Bannon Grant, hold the maximum awards at fixed levels and assume only modest increases in awards below the maxima while trying to account for increased growth in the number of students going to college and needing support.

The assumptions used in making the estimates for state student aid budgets follow. They are discussed in more detail in the Appendix.

- Frank O'Bannon Grant.
  - Increase in public college tuition of 6%.
  - Increase in private college tuition of 5%.
  - Modest increases in students needing aid of 3.5%.
  - No increases in maximum awards from the base year 2006-07: \$5,692 and \$10,272 in both years of the biennium.
  - Few or modest changes in federal methodology used to determine a family's ability to pay for college.
- Part-time Grant.
  - Increase in public college tuition of 6%.
  - The Ivy Tech Community College system request for more funds to meet a growing population of part-time students.
- Twenty-first Century Scholarship.
  - Increase in public college tuition of 6%.
  - Increase in maximum Scholarship for private college Scholars, which is based on average public college tuition.
  - Substantial increases in the numbers of Scholars going to college in 2007-08 because the enrollment of both 7<sup>th</sup> and 8<sup>th</sup> graders starting in 2001 (rather than just 8<sup>th</sup> grade).
- Indiana National Guard Supplemental Grant.
  - Funding requests are at FY07 levels. Increases in public college tuition might be offset by modest increases in the number of students because of activation of the Indiana National Guard for overseas service.
- Twenty-first Century Scholar Early Intervention Program.
  - Funding requests are at FY07 levels despite the fact that state funding was cut for this program in the current biennium resulting in the closing of 2 support sites, 55 job terminations, and other cuts.
- Feel Remission Program.





- Reintroduction of the eligibility of children of veterans with 0% disability after a reduction in requested funds for the current biennium.
- The overall increase will be a combination of no more than a 3% increase per year in students and no more than a 6% increase in covered tuition and fees. The fees covered in this entitlement program are more extensive than those covered in other programs.
- Special Programs
  - Funding requests are at FY07 levels. Either student awards will be reduced or the number of students served will go down or both as a result.

The Commission believes strongly that any discussion of its budget must adhere to a principle of transparency.

Being **transparent** means the Commission's budget:

- Has a full open discussion.
- Is discussed in the context of statutory requirements.
- Is known early in the calendar year.

An **early budget** will:

- Help parents and students make better choices about college.
- Help parents and students plan better for financing college.
- Help colleges make better and more accurate financial aid packages.

It is the Commissions' hope that the budget would also be **strong** in that it meets the financial needs of Hoosier families struggling to send their children to college.

Once the Commission has a strong and early budget, it will work hard within that budget to increase awards if funds are available. Otherwise it will:

- Keep future award amounts as close as possible to current awards for the largest number of students.
- Eliminate or minimize award reductions for the largest number of students.
- Fully subsidize students attending modestly priced colleges.
- Hold harmless as many awards and students as possible.

There is evidence that the current Indiana student aid system is holding its own in meeting the needs of students in offsetting the costs of education. It makes college affordable and possible for large number of Hoosiers who otherwise would have to forgo college or take on large amounts of loan debt. It is an investment in the future of Indiana: college-educated Hoosiers generate revenue for the state and raise the quality of life. However, the system is not all it could be.

Financial aid is a public policy issue of great importance. Unusual with public policy, how a financial aid program is structured lends itself to rational and political calculations as well as a sense of what is fair and right to do. What the leadership of the state does or fails to do in crafting financial aid programs will have long-term and far-reaching consequences for Hoosier families.





**State Student Assistance Commission  
Operating Budget Request  
2007-2008 to 2008-2009**

**Foreword**

**The Commission's Position on Transparency**

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**Background**

**Agency Mission**

For 40 years, the State Student Assistance Commission of Indiana has been helping Indiana students and families meet the costs of a college education. There are three parts to the Commission's mission:

- To make college *affordable* with guaranteed student grants.
- To allow greater *choice* by granting awards to students attending public, private and proprietary colleges.
- to increase *college preparation* by giving additional grants to Twenty-first Century Scholars and to students graduating from high school with Core 40 and Academic Honors Diplomas and *military preparedness* through special grants to students also active members of the Indiana National Guard.

The Commission accomplishes its mission with:



- *Need-based and merit-based* programs for full-time and part-time students.
- *Special Program* grants for nurses, working students, minority students, children of disabled veterans and others.
- *Early Intervention* programs for Twenty-first Century Scholars.
- *Outreach Programs* to promote awareness of financial aid.
- *Research* to better understand the needs of Hoosier students and families.
- *Technology* to make the delivery of awards as simple as possible for students and colleges.

### **Program Overview**

Current grant and scholarship programs include:

- *Frank O'Bannon Grant Program* comprised of the *Higher Education Award* and *Freedom of Choice Grant*. For full-time students, this is the largest program administered by the Commission.
- *Hoosier Scholar Program*. This scholarship is a one-time \$500 grant given to outstanding high school seniors entering their first year at an Indiana college. Recipients are selected by high school counselors.
- *Minority Teacher and Special Education Services Scholarship Program*. This program was created to provide renewable scholarships for African American and Hispanic students preparing for a teaching career.
- *Nursing Fund Scholarship Program*. This program is designed to encourage students to pursue a career in nursing.
- *State Work-Study Program*. The program is designed to help students gain work experience and earn money towards their college expenses.
- *Robert C. Byrd Honors Scholarship Program*. The scholarship for new college students is designed to promote and award outstanding academic achievement. It is a federal program.
- *Part-time Grant Program*. The award is designed to encourage degree-seeking part-time undergraduates to complete their degrees by subsidizing part-time tuition costs at public and private colleges.
- *Reciprocity Agreement Program*. This program provides out-of-state college assistance to Hoosier students residing in a six county area of southeastern Indiana.
- *Twenty-first Century Scholars Program*. The program is designed to support and encourage youth from lower-income families to enter college through early intervention strategies and grants. Students are enrolled while in the seventh or eighth grade.
- *The Twenty-first Century Scholars GEAR UP Summer Scholarship*. This program allows Scholar's to take summer classes not covered by other state grants.
- *Twenty-first Century Scholars GEAR UP Mentoring Scholarship*. This program provides grants towards the cost of education for college senior Scholars who mentor underclass Scholars.



- *Indiana National Guard Supplemental Grant Program.* This program provides tuition assistance at public colleges to eligible members of the Indiana Air and Army National Guard.
- *Child of Veteran and Public Safety Officer Supplemental Grant Program.* This program provides tuition assistance at public colleges for eligible children of disabled Indiana veterans and certain public safety officers killed in the line of duty.

### **Agency Initiatives**

#### **Maintaining Student Aid Appropriations**

Over the past fifteen years Indiana has made great strides in raising the educational level of Hoosiers, improving the college preparedness of its high school graduates, improving its college-going rates, and preparing a college-educated workforce able to meet the technological challenges of a changing global economy. But Indiana has a long way to go. Without continued investment in higher education, especially student financial aid, Indiana would be taking steps backward. Indiana must continue to invest in the future, meet its commitments to students, meet the needs of Hoosier families, and combat the raising costs of college tuition on a number of fronts:

- An improved economy so that Hoosier families can have the resources needed to help pay their share of college costs.
- Increased financial support for public colleges from an improving state budget.
- Increased efficiencies in the system of higher education and at individual colleges, public, private, and proprietary to keep tuition increases low.
- And increased financial aid to bring the system back up to a level of funding that narrows the growing gap between the tuition families pay and what is subsidized by financial aid.

#### **Assumptions of Commission Budget Estimates**

The funds the Commission estimates it needs for the next biennium are listed in the Appendix and summarized in Table 26. The estimates are based on the best available data and assumptions. Unfortunately the estimates for the major need-based program, the Frank O'Bannon Grant, hold the maximum awards at fixed levels and assume only modest increases in awards below the maxima while trying to account for increased growth in the number of students going to college and needing support.

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- Special Programs
  - Funding requests are at FY07 levels. Either student awards will be reduced or the number of students served will go down or both as a result.

### **Investing in the future**

There is no doubt that encouraging more students to go to college is good for Indiana. Indeed, college graduates:

- Earn nearly a million dollars more than a high school graduate and pay far more in property, income, and sales taxes.
- Have higher levels of saving, increased personal and professional mobility, improved quality of life for their children, better consumer decision making skills, and more hobbies and leisure activities.



- Are healthier, vote more often, smoke less and are less likely to be unemployed.
- A college-educated work force can help attract 21st century employers to Indiana and keep them here.

Moreover,

*“... public investment in higher education plays a crucial role in determining the degrees produced and the supply of college-educated workers to the labor market.”*

John Bound & Sarah Turner, “Cohort Crowding: How Resources Affect Collegiate Attainment”, National Bureau of Economic Research, August 2006

There are many impediments to Hoosiers going to college: poor academic preparation, lack of motivation, and rising costs are a few. The Commission can ameliorate one of them: rising costs. Of course, affordability is a concern across the nation and not just in Indiana:

*“The Commission notes with concern the seemingly inexorable increase in college costs, which have outpaced inflation for the past two decades and have made affordability an ever-growing worry for students, families, and policymakers. Too many students are either discouraged from attending college by rising costs, or take on worrisome debt burdens in order to do so.”*

Commission on the Future of Higher Education, draft report, August 2006

Indiana has many strengths and weakness when it comes to higher education. Although there are many ways to dispute the conclusions of the nationally published “Measuring Up 2006” (The National Center for Public Policy and Higher Education, September 7, 2006), its conclusions on Indiana are worth noting:

### **From *Measuring Up 2006***

*Indiana’s underperformance in educating its young population could limit the state’s access to a competitive workforce and weaken its economy over time. Since the early 1990s, the state has fallen behind in graduating 9th graders from high school in four years. Of those students who do graduate, however, more are now enrolling in college directly after high school. Indiana trails other states in providing college-level training opportunities for working-age adults. Since the early 1990s, four-year public colleges and universities in Indiana have become less affordable for students and their families. If the state’s downward trends are not addressed, they could undermine its ability to compete successfully in a global economy.*

### **Indiana’s STRENGTHS**

#### **Preparation**

- *Seventy-nine percent of secondary school students are taught by teachers with an undergraduate or graduate major in the subject they are teaching, which compares very well with leading states.*



- *Over the past 12 years, the percentage of non-white young adults (ages 18-24) who earn a high school credential has increased from 69% to 86%.*

**Participation**

- *Over the past decade, the chance that a 9th grader will enroll in college within four years has increased, in contrast to a national decline. While proportionately fewer students graduate from high school, more of those who do graduate enroll in college.*
- *Among 18- to 24-year-olds, a large gap remains between whites and non-whites in college participation, even though Indiana has narrowed this gap over the past 12 years.*

**Completion**

- *A large percentage of first-year students at community colleges return for their second year. However, this percentage has declined over the past 15 years.*
- *Indiana has consistently seen a very high percentage of freshmen at four-year colleges and universities return for their sophomore year.*
- *A large proportion of students complete certificates and degrees relative to the number enrolled.*
- *A substantial gap remains between whites and blacks in the proportion of students completing certificates and degrees relative to the number enrolled, even though Indiana has narrowed this gap over the past decade.*

**Benefits**

- *A substantial gap remains between whites and non-whites in the percentage who have a bachelor's degree, despite improvement on this measure over the past 12 years.*

**Indiana's WEAKNESSES**

**Preparation**

- *A small proportion of 8th graders take algebra, but the state has improved substantially on this measure over the past 12 years.*
- *Very low proportions of 11th and 12th graders take and score well on Advanced Placement tests, even though these proportions have more than tripled over the past 12 years.*

**Participation**

- *A small proportion of working-age adults enroll part-time in college-level education or training.*
- *Young adults (ages 18-24) from high-income families are about twice as likely to attend college as those from low-income families.*

**Affordability**

- *Net college costs for low- and middle-income students to attend community colleges represent 36% of their annual family income.*





*(Net college costs equal tuition, room, and board after financial aid.) For these students at public four-year institutions, net college costs represent 44% of their annual family income. These two sectors enroll three out of every four students in the state.*

- *Indiana's investment in need-based financial aid is only fair when compared with top-performing states, although the state has increased this investment since 1992.*

### **Benefits**

- *Compared with other states, a small proportion of Indiana residents have a bachelor's degree, and this weakens the state economy. However, the state has improved markedly on this measure over the past 12 years.*

### **Meeting the commitments**

Over the past decade, Indiana has made strong commitments to high school students: meet higher academic and social standards and the state will give extra financial support for college. Teaching students character and values means honoring commitments.

Students who complete the Core 40 curriculum with a 2.00 GPA, students who earn an Academic Honors Diploma with a 3.00 GPA, Twenty-first Century Scholars who pledge to be good citizens, work hard in high school, and get their parents involved all receive extra help.

The following tables show the growth in that commitment to new students since 2000. The expectation is that the growth will continue as more and more students meet the challenge of higher standards and seek to improve their lives with higher education.

**Table 1: New Hoosier High School Graduates**

| Year | 21st Century Scholars | Core 40 Diploma Students | Honors Diploma Students |
|------|-----------------------|--------------------------|-------------------------|
| 2000 | 2,866                 | 17,801                   | 14,052                  |
| 2001 | 3,247                 | 17,807                   | 14,619                  |
| 2002 | 3,392                 | 18,274                   | 15,337                  |
| 2003 | 3,432                 | 19,162                   | 16,400                  |
| 2004 | 4,057                 | 20,055                   | 17,140                  |
| 2005 | 4,461                 | 21,005                   | 18,203                  |

**Table 2: Students New to the College Financial Aid System**

| Year | Core 40 Diploma Students | Honors Diploma Students | Regular Diploma and Non-traditional Students | Total New Students |
|------|--------------------------|-------------------------|--|--------------------|
| 2000 | 11,814                   | 10,957                  | 62,419                                       | 85,190             |
| 2001 | 11,458                   | 11,420                  | 65,813                                       | 88,691             |
| 2002 | 11,726                   | 12,111                  | 64,056                                       | 87,893             |
| 2003 | 12,287                   | 12,929                  | 66,624                                       | 91,840             |
| 2004 | 12,623                   | 13,534                  | 63,112                                       | 89,269             |
| 2005 | 13,666                   | 14,506                  | 63,161                                       | 91,333             |



### Meeting the needs

There is little doubt that student financial aid has had impacts on the educational attainment of Hoosier young people. For example, Indiana consistently ranks in the top 7 or 8 of fifty states, the District of Columbia, and Puerto Rico in the amount of financial aid available to its college students (despite claims made in “Measuring Up”).

Moreover, of all the states, the District of Columbia, and Puerto Rico, Indiana consistently ranks in the top three of awards given to private college students:

**Table 3: National Private College Awards**

|         | California | Indiana  | Vermont | Minnesota | New Jersey |
|---------|------------|----------|---------|-----------|------------|
| 2003-04 | \$11,259   | \$9,100  | \$9,100 | \$7,662   | \$7,272    |
| 2004-05 | \$10,383   | \$9,100  | \$9,100 | \$7,662   | \$8,498    |
| 2005-06 | \$9,873    | \$10,014 | \$9,800 | \$7,861   | \$9,026    |

In 2005-06 Indiana was *first* in the maximum award given to students at private colleges: \$10,014 as compared to the next highest, California at \$9,873, and that award required a minimum high school GPA of 3.00, else it is only \$8,322.

Despite these modest gains, Indiana has a long way to go. Financial aid is just one of the factors. The other factors are student academic preparation and motivation to go to college. The following table compares students in 2005-06 who received state and those students ineligible for state need-based aid across some demographic measures as reported on the Free Application for Federal Student Aid (FAFSA).

**Table 4: Comparison of characteristics of dependent students filing the FAFSA in AY 2005-06**

|   | 21st Century<br>Scholars | Other state aid<br>recipients | Students not<br>eligible for state aid |
|---|--------------------------|-------------------------------|--|
| First generation college goers, percent     | 58%                      | 49%                           | 33%                                    |
| Single parents, percent                     | 49%                      | 45%                           | 11%                                    |
| Family size, average                        | 4.1                      | 3.9                           | 4.0                                    |
| Age of older parent (yrs), average          | 48.3                     | 49.4                          | 49.5                                   |
| Mother's 2004 earnings from work, median    | \$14,240                 | \$15,641                      | \$25,763                               |
| Father's 2004 earnings from work, median    | \$15,699                 | \$20,311                      | \$52,796                               |
| Parent's 2004 adjusted gross income, median | \$28,862                 | \$32,846                      | \$79,900                               |
| Honors Diploma Graduates, percent           | 31%                      | 39%                           | 45%                                    |
| Core 40 Diploma Graduates, percent          | 43%                      | 31%                           | 30%                                    |

### Combating the costs

The following table shows the average tuitions and Frank O'Bannon Grant with percentage change each year from 2000-01 to 2006-07. As can be seen from the table the increases in the Frank O'Bannon Grant have not kept pace with the increases in tuition at the public and private 4-year colleges. Each year Hoosier students fall behind as costs go up and need-based aid grows slowly. Indeed, as the last two rows show, the average



increase in the FOB Grant has not kept pace with the average increases in tuition paid by Hoosier students at either public or private 4-year colleges.

**Table 5: Average Tuitions and Frank O'Bannon Grant (FOB) 2000-01 to 2006-07**

The FOB Grant is estimated for 2006-07

| Year                     | Private 4 Year<br>College<br>Tuition & Fees |        | Public 4 year<br>College<br>Tuition & Fees |        | Students<br>with<br>FOB |        | FOB<br>Grant |        |
|--------------------------|---|--------|--|--------|-------------------------|--------|--------------|--------|
| 2000-01                  | \$13,552                                    | % chng | \$3,556                                    | % chng | 36,679                  | % chng | \$2,608      | % chng |
| 2001-02                  | \$14,108                                    | 4.10%  | \$3,797                                    | 6.79%  | 37,092                  | 1.13%  | \$2,646      | 1.46%  |
| 2002-03                  | \$14,981                                    | 6.19%  | \$4,381                                    | 15.38% | 41,442                  | 11.73% | \$2,805      | 6.00%  |
| 2003-04                  | \$15,956                                    | 6.51%  | \$4,772                                    | 8.93%  | 45,265                  | 9.22%  | \$2,839      | 1.21%  |
| 2004-05                  | \$17,167                                    | 7.59%  | \$4,955                                    | 3.83%  | 46,779                  | 3.34%  | \$2,904      | 2.31%  |
| 2005-06                  | \$17,929                                    | 4.44%  | \$5,217                                    | 5.28%  | 45,475                  | -2.79% | \$3,200      | 10.18% |
| 2006-07                  | \$19,023                                    | 6.11%  | \$5,473                                    | 4.91%  | 48,841                  | 7.40%  | \$3,276      | 2.38%  |
| Average yearly change    |   | 5.82%  |  | 7.52%  |                         | 5.01%  |              | 3.92%  |
| Change from 2000 to 2006 |   | 40.37% |  | 53.91% |                         | 33.16% |              | 25.61% |

NOTE: The Frank O'Bannon Grant is based on previous year tuition.

The following table shows the distribution in dollars and students for the Frank O'Bannon grant for 2000-01 to 2005-06 by sector: Community College, Reciprocity Agreement<sup>1</sup>, Private 4-year, Proprietary, and Public 4-year. As can be seen from the table the distribution of students to the Community College system has steadily increased over the years.

**Table 6: Distribution of Frank O'Bannon Grant by Sector from 2000-01 to 2005-06**

| Year/Sector           | Frank O'Bannon<br>Grant (FOB) | Students | FOB<br>Distribution | Student<br>Distribution |
|-----------------------|-------------------------------|----------|---------------------|-------------------------|
| 2000-01               |                               |          |                     |                         |
| Community College     | \$4,673,514                   | 3,957    | 4.89%               | 10.69%                  |
| Reciprocity Agreement | \$182,359                     | 83       | 0.19%               | 0.22%                   |
| Private 4-year        | \$46,637,677                  | 10,328   | 48.76%              | 27.91%                  |
| Proprietary           | \$913,371                     | 943      | 0.95%               | 2.55%                   |
| Public 4 year         | \$43,247,984                  | 21,691   | 45.21%              | 58.62%                  |
| All Sectors           | \$95,654,905                  | 37,002   | 100.00%             | 100.00%                 |
| 2001-02               |                               |          |                     |                         |
| Community College     | \$4,109,104                   | 4,120    | 4.19%               | 10.99%                  |
| Reciprocity Agreement | \$163,286                     | 84       | 0.17%               | 0.22%                   |
| Private 4-year        | \$49,206,625                  | 10,648   | 50.14%              | 28.41%                  |
| Proprietary           | \$1,158,696                   | 1,177    | 1.18%               | 3.14%                   |
| Public 4 year         | \$43,506,438                  | 21,453   | 44.33%              | 57.24%                  |
| All Sectors           | \$98,144,149                  | 37,482   | 100.00%             | 100.00%                 |
| 2002-03               |                               |          |                     |                         |
| Community College     | \$5,012,735                   | 4,966    | 4.31%               | 11.87%                  |
| Reciprocity Agreement | \$187,295                     | 104      | 0.16%               | 0.25%                   |
| Private 4-year        | \$58,542,438                  | 11,824   | 50.37%              | 28.27%                  |

<sup>1</sup> Reciprocity Agreement schools are Northern Kentucky University, Cincinnati State Technical College, and the University of Cincinnati.

**Table 6: Distribution of Frank O'Bannon Grant by Sector from 2000-01 to 2005-06**

| Year/Sector           | Frank O'Bannon Grant (FOB) | Students | FOB Distribution | Student Distribution |
|-----------------------|----------------------------|----------|------------------|----------------------|
| Proprietary           | \$1,446,202                | 1,477    | 1.24%            | 3.53%                |
| Public 4 year         | \$51,043,675               | 23,459   | 43.92%           | 56.08%               |
| All Sectors           | \$116,232,345              | 41,830   | 100.00%          | 100.00%              |
| 2003-04               |                            |          |                  |                      |
| Community College     | \$6,511,851                | 5,838    | 5.07%            | 12.90%               |
| Reciprocity Agreement | \$240,953                  | 112      | 0.19%            | 0.25%                |
| Private 4-year        | \$57,981,326               | 11,854   | 45.13%           | 26.19%               |
| Proprietary           | \$2,259,260                | 1,942    | 1.76%            | 4.29%                |
| Public 4 year         | \$61,495,779               | 25,513   | 47.86%           | 56.37%               |
| All Sectors           | \$128,489,169              | 45,259   | 100.00%          | 100.00%              |
| 2004-05               |                            |          |                  |                      |
| Community College     | \$7,521,669                | 6,347    | 5.54%            | 13.44%               |
| Reciprocity Agreement | \$283,617                  | 122      | 0.21%            | 0.26%                |
| Private 4-year        | \$59,199,293               | 12,045   | 43.58%           | 25.50%               |
| Proprietary           | \$2,739,535                | 2,315    | 2.02%            | 4.90%                |
| Public 4 year         | \$66,107,505               | 26,412   | 48.66%           | 55.91%               |
| All Sectors           | \$135,851,619              | 47,241   | 100.00%          | 100.00%              |
| 2005-06               |                            |          |                  |                      |
| Community College     | \$7,920,275                | 6,394    | 5.44%            | 13.92%               |
| Reciprocity Agreement | \$347,227                  | 118      | 0.24%            | 0.26%                |
| Private 4-year        | \$64,461,335               | 11,856   | 44.30%           | 25.82%               |
| Proprietary           | \$2,298,707                | 1,909    | 1.58%            | 4.16%                |
| Public 4 year         | \$70,490,646               | 25,647   | 48.44%           | 55.85%               |
| All Sectors           | \$145,518,190              | 45,924   | 100.00%          | 100.00%              |
| All Years             |                            |          |                  |                      |
| Community College     | \$35,749,148               | 31,622   | 4.97%            | 12.41%               |
| Reciprocity Agreement | \$1,404,737                | 623      | 0.20%            | 0.24%                |
| Private 4-year        | \$336,028,694              | 68,555   | 46.68%           | 26.91%               |
| Proprietary           | \$10,815,771               | 9,763    | 1.50%            | 3.83%                |
| Public                | \$335,892,027              | 144,175  | 46.66%           | 56.60%               |
| All Sectors           | \$719,890,377              | 254,738  | 100.00%          | 100.00%              |

**Summary**

Helping students pay for college is a long-term investment in Indiana's future. Hoosiers who go to college have children who graduate from college. College graduates pay more in taxes, buy more expensive homes, vote more often, are healthier, are able to afford health insurance, and are unemployed less. Despite rising tuition costs and the increases on student aid that implies, Indiana cannot allow itself to fall behind.

**Calculating Full-Time Student Awards**

One perspective on understanding the influences on state aid is the way in which the *mixed* academic merit and need-based major programs of the Commission are currently structured. The awards for full-time students are based on three factors:



- The **tuition and regularly assessed fees** charged by colleges to their typical student taking an average course load of 30 credit hours per year. Maximum amounts are set at all colleges: public, private and proprietary.
- The **rate at which the tuition and fees are subsidized**. For students with an Academic Honors Diploma and a high school GPA of at least 3.00, the rate is 100%; for students with a Core 40 Diploma and at least a 2.00 GPA, it is 90%; for all other students, it is 80%.
- The **family's ability to pay** towards their child's education or in the case of emancipated students, their ability to pay. It could be zero (0) or too high to qualify for an award. It is based on data parents and students supply annually on the Free Application for Federal Student Aid (FAFSA).

The formula is simple: **award = subsidy \* tuition and fees – ability to pay**. The award cannot be less than \$200. This award is the Frank O'Bannon Grant. If a student attends a private college, a portion of the award is named the Freedom of Choice (FOC) award and a portion the Higher Education Award (HEA). At other colleges it is named the Higher Education Award.

### **Supplemental and other major awards**

In addition to the Frank O'Bannon Grant, the state has two supplemental grants, an award for part-time students, and a fee remission program. The supplemental grants are the Twenty-first Century Scholars award and the National Guard Supplemental grant. These are targeted grants based on a form of non-academic merit: for low-income and at-risk Scholars a commitment to graduate from high school and avoid drugs and alcohol; for members of the Air and Army Indiana National Guard a commitment to maintain the military readiness of the state.

As the name implies, these grants supplement or pay the tuition and fees not covered by the Frank O'Bannon Grant. As the Frank O'Bannon Grant goes down, the supplemental grants go up. *Thus if the Frank O'Bannon Grant is reduced due to budget constraints, the appropriations for the supplemental grants must go up correspondingly.*

### **Twenty-First Century Scholars**

The number of Scholars requesting financial aid is expected to increase at rates exceeding 10% in each of the next 4 years with a substantial increase in 2007-08. The enrollment of Scholars in both the 7<sup>th</sup> and 8<sup>th</sup> grade started in 2001-02 has resulted in enrolling over 4,000 more Scholars as compared to enrolling one grade. That group will start college in 2007, which means the increase in grants needed for them will be large.

### **National Guard Supplemental Grant**

Estimating the costs of this grant is difficult as substantial numbers of students have been activated and deployed to Iraq and Afghanistan over the past two years. At the end of 2002-03, 1098 students received aid. In 2005-06 it was down to 903 students. However, the Indiana National Guard estimates that the numbers will start increasing again and there will be over 1,000 students eligible to receive the award in 2007 and beyond

**Part-time Grant**

This grant mirrors the full-time student Frank O'Bannon Grant and is given to students taking less than 12 credit hours. It is calculated in the same way as the Grant for full-time students but using a fixed subsidy rate of 80% and the student's actual part-time tuition and fees. It encourages students to both start and finish college by reducing one of the pressures on non-traditional working students: inability to attend college full-time.

Special attention is being given to the Part-time Grant this biennium. In particular, the Commission will ask for increased funding to meet the growing needs of the Ivy Tech Community College system. Ivy Tech has noted (communication of April 4, 2006):

*SSACI established the Part-Time grant program to provide financial assistance to the growing percentage of students who enrolled less than full time with a financial need. Recent national surveys confirm that cost is the primary concern of most college students. Many of them are financially independent, working full or part-time and supporting families while enrolled. (Community College Survey, 2002; NCES, 1996). Consequently, the low tuition at community colleges, combined with the possibility of financial aid, makes postsecondary education a viable option for individuals who otherwise would not be able to attend college because of unavailable financial resources. The percentage of young adults enrolling at Ivy Tech is growing at a faster rate than the college as a whole. Almost 64.3 percent of Ivy Tech's enrollment is now age 29 or younger, and their numbers have increased 1.8 percent since last fall. The trend toward a younger student body is most evident by the number of students age 24 or younger, which is .9 percent greater than last year. The 24-and-younger students now comprise nearly 47.4 percent of Ivy Tech's enrollment. Minority student enrollment also continues to grow with an increase of .4 percent in 2004.*

*Thus, with the anticipated growing need of students choosing to attend community colleges and our expanded mission to work with business and industry to offer for-credit programs for workforce development, additional appropriation of part-time grant dollars will be critical to Ivy Tech.*

**Maintaining Student Aid Appropriations: Frank O'Bannon Grant****Demands on state resources**

The basic formula for the Frank O'Bannon Grant tells the story of the four factors that work together to increase the state's commitment to financial aid:

- The number of students receiving aid.
- The distribution of the students receiving aid.
- The tuition and fees subsidized.
- The parent or student ability to pay.

**The number of students**

As the state encourages more students to take academically challenging high school courses, as it develops a community college system, as it encourages the development of high-tech jobs, and as it pushes generally to increase the level of education of Hoosiers, the number of students going to college increases. Not all the students will receive



financial aid but the numbers who do increase on average when looked at over a three-year period, rather than simply year-to-year.

**Table 7: Average tuitions and Frank O'Bannon Grant (FOB) 2000-01 to 2006-07**

The FOB Grant is estimated for 2006-07

| Year                     | Private 4 Year<br>College<br>Tuition & Fees |        | Public 4 year<br>College<br>Tuition & Fees |        | Students<br>with<br>FOB |        | FOB<br>Grant |        |
|--------------------------|---|--------|--|--------|-------------------------|--------|--------------|--------|
| 2000-01                  | \$13,552                                    | % chng | \$3,556                                    | % chng | 36,679                  | % chng | \$2,608      | % chng |
| 2001-02                  | \$14,108                                    | 4.10%  | \$3,797                                    | 6.79%  | 37,092                  | 1.13%  | \$2,646      | 1.46%  |
| 2002-03                  | \$14,981                                    | 6.19%  | \$4,381                                    | 15.38% | 41,442                  | 11.73% | \$2,805      | 6.00%  |
| 2003-04                  | \$15,956                                    | 6.51%  | \$4,772                                    | 8.93%  | 45,265                  | 9.22%  | \$2,839      | 1.21%  |
| 2004-05                  | \$17,167                                    | 7.59%  | \$4,955                                    | 3.83%  | 46,779                  | 3.34%  | \$2,904      | 2.31%  |
| 2005-06                  | \$17,929                                    | 4.44%  | \$5,217                                    | 5.28%  | 45,475                  | -2.79% | \$3,200      | 10.18% |
| 2006-07                  | \$19,023                                    | 6.11%  | \$5,473                                    | 4.91%  | 48,841                  | 7.40%  | \$3,276      | 2.38%  |
| Average yearly change    |   | 5.82%  |  | 7.52%  |                         | 5.01%  |              | 3.92%  |
| Change from 2000 to 2006 |   | 40.37% |  | 53.91% |                         | 33.16% |              | 25.61% |

NOTE: The Frank O'Bannon Grant is based on previous year tuition.

The change from 2000-01 to 2005-06 have fluctuated widely but have been on average steadily increasing. 2001-02 was an unusual year. It was the first year of the severe economic slump in Indiana and the first year that public colleges introduced differential tuitions for new and continuing students. 2005-06 was also unusual in that changes in federal methodology made it harder for Hoosier families to pay for college.

### The distribution of the students

Increases in total numbers alone are only part of the story. What matters is who the students are and where they go. The number of students receiving the FOC award and going to the more expensive private colleges increases each year, from modest 1% from 1999 to 2000 and 3% to 4% in other years. These students tend to be those highly subsidized, that is, Honors and Core 40 graduates with high tuitions charges. Overall, the number of academically strong students is increasing in absolute numbers as well, whether they go to public or private colleges: at least a 5% to 8% increase in both types of students filing the FAFSA for the foreseeable future is expected.

**Table 8: Frank O'Bannon Grant Regular, Core 40 and Honor Diploma Students**

Attending Public and Non-public Colleges  
2000-2001 to 2005-2006

| Year    | All Public<br>College<br>Students | All Private<br>College<br>Students | Regular<br>Public | Regular<br>Private | Core 40<br>Public | Core 40<br>Private | Honors<br>Public | Honors<br>Private |
|---------|-----------------------------------|------------------------------------|-------------------|--------------------|-------------------|--------------------|------------------|-------------------|
| 2000-01 | 25,681                            | 10,338                             | 16,173            | 4,684              | 4,814             | 1,876              | 4,693            | 3,778             |
| 2001-02 | 25,612                            | 10,665                             | 14,502            | 4,411              | 5,810             | 2,291              | 5,300            | 3,953             |
| 2002-03 | 28,444                            | 11,828                             | 15,307            | 4,478              | 6,772             | 2,617              | 6,365            | 4,433             |
| 2003-04 | 31,407                            | 11,861                             | 11,983            | 4,515              | 7,798             | 2,681              | 7,315            | 4,665             |
| 2004-05 | 32,789                            | 12,045                             | 16,380            | 4,624              | 8,502             | 2,723              | 7,907            | 4,698             |
| 2005-06 | 32,041                            | 11,856                             | 15,469            | 4,409              | 8,470             | 2,663              | 8,102            | 4,784             |



### The tuition and fees

Tuition increases for 2002-2003 were extreme, on the order of 15% to 34% at public institutions and more modest increases of around 6% to 7% at private institutions. The increases in 2003-04 at public colleges were more modest but still around 7%-8%. However, the Commission was forced because of budgetary restraints to set maximums on the subsidized tuition at both public and private colleges in 2003-04 and 2004-2005. For the Frank O'Bannon Grant, they were set at \$4,700 and \$9,100 for both years. *Thus for the first time state grants were no longer indexed to tuition at all public colleges but rather to an artificial level.* Subsidized tuition at private colleges has always been set by statute at a maximum (sometimes called a “cap”) to an approximation of the “true cost” to the state and the student of a public education: the highest public college tuition plus the lowest appropriation per full-time equivalent. *However, the private college maximum award was also set at the same level for 2003-04 and 2004-05 and is no longer indexed to public tuition or appropriations.*

**Table 9: Public and private maximum tuitions for Frank O'Bannon Grant (HEA & FOC)**

|  | 1999<br>-00 | 2000<br>-01 | 2001<br>-02 | 2002<br>-03 | 2003<br>-04           | 2004<br>-05 | 2005<br>-06 | 2006<br>-07 |
|--|-------------|-------------|-------------|-------------|-----------------------|-------------|-------------|-------------|
| Budget Bill Private College Maximum    |             |             |             |             |                       |             |             |             |
| Highest Public Tuition & Fees          | 4,066       | 4,212       | 4,406       | 4,734       | 5,365                 | 5,737       | 6,014       | 7,110       |
| Lowest Public \$/Student               | 4,244       | 4,306       | 4,354       | 4,569       | 4,626                 | 3,768       | 4,132       | 3,700       |
| Total                                  | 8,310       | 8,518       | 8,760       | 9,303       | 9,991                 | 9,505       | 10,146      | 10,810      |
| Actual Maxima Used                     |             |             |             |             |                       |             |             |             |
| Public                                 | 4,066       | 4,212       | 4,406       | 4,734       | 4,700                 | 4,700       | 5,172       | 5,692       |
| Private                                | 8,310       | 8,518       | 8,760       | 9,300       | 9,100                 | 9,100       | 10,014      | 10,272      |
|  |             |             |             |             | Frozen maximum awards |             |             |             |
| Ratios of actual maxima to Budget Bill |             |             |             |             |                       |             |             |             |
| for public colleges                    | 100.0%      | 100.0%      | 100.0%      | 100.0%      | 87.6%                 | 81.9%       | 86.0%       | 80.1%       |
| for private colleges                   | 100.0%      | 100.0%      | 100.0%      | 100.0%      | 91.1%                 | 95.7%       | 98.7%       | 95.0%       |
| gap between private & public           | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 3.5%                  | 13.8%       | 12.7%       | 15.0%       |

Tuition increases have the greatest immediate impact on supplemental grant programs, the 21st Scholarship and National Guard because they are calculated based on the actual current year's tuition at public colleges and the cap at the private colleges. Because the Frank O'Bannon Grant is calculated on the previous year's tuition and fees, it always lags behind tuition increases.

As can be seen from the Table 7, the average tuitions subsidized by the Commission have grown over the years. But the growth in the tuitions has outstripped the growth in the Frank O'Bannon Grant. The average subsidized tuition and fees measures two things: the actual increases in tuition and the distribution of students. As more students earn the Honors and Core 40 diplomas or as more of those students go to the more expensive private colleges, the average subsidized tuition increases at a fast rate. Success in improving the academic preparation of students and giving them a choice is a substantial but necessary investment on the part of the state. Indeed, the average subsidy





rate for students is slightly over 90%, just as if all students receiving aid had earned a Core 40 diploma in high school.

### The ability to pay

The ability to pay college costs is the only factor that might work to decrease the state's costs for financial aid in the next biennium. In 1999-2000, the average parent's ability to pay towards their child's education was \$1,730 for those receiving state aid; it increased to \$2,237 in 2003-04, an average of \$127 per year. Tuition and fees increased more than that per year over the same time period. Moreover, as the following table shows, the average ability to pay has *decreased* slightly for the 2004-05 academic year. This is due to the increasing number of low-income students choosing college and the poor overall performance of the Indiana economy. However, in 2005-06 the increase in the family contribution was dramatic because of changes in the federal methodology.

**Table 10: Average Ability to Pay of Students Receiving State Aid**  
2004-05 and 2005-06

| Institutional Sector  | Parental Contribution |         | Expected Family Contribution |         |
|-----------------------|-----------------------|---------|------------------------------|---------|
|                       | 2004-05               | 2005-06 | 2004-05                      | 2005-06 |
| Public                | \$1,930               | \$2,177 | \$2,134                      | \$2,358 |
| Private               | \$3,224               | \$3,566 | \$3,221                      | \$3,528 |
| Proprietary           | \$777                 | \$913   | \$679                        | \$707   |
| Reciprocity Agreement | \$1,359               | \$1,385 | \$2,112                      | \$2,121 |
| Community College     | \$1,189               | \$1,405 | \$991                        | \$1,088 |
| Total                 | \$2,132               | \$2,405 | \$2,054                      | \$2,253 |

The ability to pay varies by the type of institution the student attends and by sociological factors: students with strong academic backgrounds tend to come from families with higher education levels and higher incomes; hence their ability to pay for college is usually higher. In 1999-2000, 52.5% of the students receiving state aid came from families in which neither parent had a college degree (39.2% for students not offered aid). In 2003-04 the percentage of first-time college goers was 51.9% (34.5% for students not receiving aid). Moreover, students receiving aid in 1999-2000 come from single-parent families 44.7% of the time, with just about the same number in 2003-04. Table 4 has comparison numbers for 2005-06.

The ability to pay also varies year-to-year depending on the national economy and the U.S. Congress, which sets the methodology. Larger increases in the ability to pay means that the federal government spends less on need-based aid such as the Pell grant and that the loan indebtedness of students increases. An increase in the ability to pay for college reduces the total number of students receiving aid, mostly for students at the margin of receiving an award.

Estimating grants years in advance, as required by the budget process, can have its ups and downs. Although the Commission has been remarkably accurate in forecasting grant amounts over the years its assumptions do not always pan out. For example, in estimating the awards for 2005-06 the Commission assumed the historical growth in the number of students needing aid – including historical increases in



Academic Honors and Core 40 graduates –would continue to be around 7% (see rows for 2002-03 and 2003-04 in the table). That did not pan out. Indeed, in 2005-06 the number of students *dropped*. Other things happened as well.

In December of 2004 after the Commission had made its August 2004 budget forecasts, the federal government announced it was changing some of the parameters used to estimate the Expected Family Contribution (EFC or the ‘out of pocket’ expenses for a family) for the school year 2005-06. It was not possible to estimate this change until early spring 2005 as the Commission didn’t have enough data. Once it had the data it estimated that the EFC would go up by as much as \$200 to \$250 for students receiving aid (as reported in the Indiana Senate Appropriations Committee testimony of March 7, 2005). This meant that the state’s obligation for financial aid to an average student would go down by that amount. In effect, the increased burden on Hoosier families was a cost savings for the state.

In fact, the actual average increase for students with aid was \$193 (but \$408 for all students with and without state aid). This amounted to about \$10M to \$11M in extra costs for parents and a savings to the state of that amount. That cost to parents carries over to future years as well – it is not a one-time charge. Overall, the drops in enrollment of students needing aid plus the increases in the EFC resulted in the Commission having large reserves of around \$16M. Of that \$3M was earmarked to increase mandatory reserves (to a total of about \$8M) which left about \$12M to \$14M over appropriations going into 2005-06. To use that money to benefit students (and fulfill its mission) the Commission raised the maximum awards in 2005-06 by 10% for public and private colleges in order to give the money back to parents, cover the tuition increases, and to partially make up for the frozen maximum awards in place 2002-03 to 2004-05. The 10% increase impacted only full-need Academic Honors’ students at the most expensive public colleges. However, all private college students got the 10% increase while students at less expensive public colleges saw more modest increases of 3% to 4%.

Finally, given that the average ability to pay is only about one-fourth to one-third of the subsidized tuition, even modest increases in tuition offset gains in the family’s ability to pay for college. Indeed, the only way state costs for financial aid could be reduced because of increases in the family’s ability to pay is to have little or no increases in tuition in all sectors of higher education, public, private and proprietary.

### **Meeting student needs**

In the recent past the Indiana student aid system was holding its own in meeting the needs of students in offsetting the costs of education. It made college affordable and possible for large number of Hoosiers who otherwise would have to forgo college or take on large amounts of loan debt. In fact, the state of Indiana is currently ranked as one of the top ten states in granting financial aid to college students, both in the total amount of aid and in the size of the individual awards to students in Indiana public, private, and proprietary colleges. In order to maintain this leadership position, the Commission has been strongly supported by the General Assembly, the Governor and the Commission for Higher Education with 10% to 14% increases in its major program budgets each. Unfortunately,



over the next biennium comparable increases in aid will be needed to keep state aid adequate to the need.

The following three tables (11, 12, 13, and 14) show the grant expenditures in all major programs from 2003 to 2005. They are a summary of students served by Commission programs and the dollars expended on them.

- Table 11 shows all the student count of all state grants by institutional sector and also total dollars by sector for the years 2003-04 to 2005-06. Students can and do receive multiple awards from the Commission; hence totals of students across programs is counting awards and not students.
- Table 12 shows the data in a different way: by program with student counts and dollars for 2003-04 to 2005-06. Students can and do receive multiple awards from the Commission; hence totals of students across programs is counting awards and not students.
- Table 13 shows the number of students served, the average awards, and the total dollars by institutional sector and major grant programs for the most current year for which there is complete data, 2005-06. It includes the Higher Education Award, Freedom of Choice Award, 21st Century Scholarship, National Guard Grant, and Part-time Grant.
- Table 14 is similar to Table 13 but shows only the Frank O'Bannon Grant totals for the three tuition subsidy rates for the year 2005-06:
  - Base diploma students subsidized at 80%.
  - Core 40 diploma students subsidized at 90%.
  - Academic Honors diploma students subsidized at 100%.



**Table 11: State Grant Student and Dollar Counts by Institutional Sector  
For Years 2003-04 to 2005-06**

| <b>State Grants for Students in 2003-04</b> |                          |                           |                         |                           |                       |                            |                             |                |                       |               |
|---|--------------------------|---------------------------|-------------------------|---------------------------|-----------------------|----------------------------|-----------------------------|----------------|-----------------------|---------------|
| <b>Sector</b>                               | <b>Fee<br/>Remission</b> | <b>Frank<br/>O'Bannon</b> | <b>21st<br/>Century</b> | <b>National<br/>Guard</b> | <b>Part-<br/>time</b> | <b>Hoosier<br/>Scholar</b> | <b>Minority<br/>Teacher</b> | <b>Nursing</b> | <b>Work<br/>Study</b> | <b>Amount</b> |
| Public 4 year                               | 3,807                    | 25,513                    | 4,952                   | 697                       | 2,812                 | 483                        | 193                         | 224            | 64                    | \$90,789,300  |
| Private                                     | 0                        | 11,854                    | 1,242                   | 0                         | 931                   | 310                        | 51                          | 105            | 75                    | \$62,522,548  |
| Proprietary                                 | 0                        | 1,942                     | 205                     | 0                         | 0                     | 1                          | 0                           | 0              | 0                     | \$2,437,334   |
| Reciprocity Agreement                       | 0                        | 112                       | 0                       | 0                         | 0                     | 0                          | 0                           | 0              | 0                     | \$240,953     |
| Public 2 year                               | 2,120                    | 5,838                     | 1,233                   | 144                       | 1,941                 | 0                          | 3                           | 134            | 0                     | \$11,567,308  |
| Total                                       | 5,927                    | 45,259                    | 7,632                   | 841                       | 5,684                 | 794                        | 247                         | 463            | 139                   | \$167,557,443 |
| <b>State Grants for Students in 2004-05</b> |                          |                           |                         |                           |                       |                            |                             |                |                       |               |
| Public 4 year                               | 3,641                    | 26,412                    | 5,321                   | 653                       | 2,884                 | 315                        | 161                         | 200            | 93                    | \$97,119,269  |
| Private                                     | 0                        | 12,045                    | 1,395                   | 0                         | 870                   | 437                        | 62                          | 102            | 91                    | \$64,246,959  |
| Proprietary                                 | 0                        | 2,315                     | 250                     | 0                         | 0                     | 1                          | 0                           | 0              | 0                     | \$2,980,700   |
| Reciprocity Agreement                       | 0                        | 122                       | 0                       | 0                         | 0                     | 0                          | 0                           | 0              | 0                     | \$283,617     |
| Public 2 year                               | 2,006                    | 6,347                     | 1,404                   | 127                       | 2,005                 | 0                          | 3                           | 161            | 0                     | \$12,821,098  |
| Total                                       | 5,647                    | 47,241                    | 8,370                   | 780                       | 5,759                 | 753                        | 226                         | 463            | 184                   | \$177,451,642 |
| <b>State Grants for Students in 2005-06</b> |                          |                           |                         |                           |                       |                            |                             |                |                       |               |
| Public 4 year                               | 3,405                    | 25,647                    | 5,679                   | 759                       | 2,669                 | 433                        | 183                         | 188            | 89                    | \$104,780,873 |
| Private                                     | 0                        | 11,856                    | 1,482                   | 0                         | 774                   | 253                        | 78                          | 99             | 145                   | \$69,881,549  |
| Proprietary                                 | 0                        | 1,909                     | 218                     | 0                         | 0                     | 0                          | 0                           | 0              | 0                     | \$2,518,808   |
| Reciprocity Agreement                       | 0                        | 118                       | 0                       | 0                         | 0                     | 0                          | 0                           | 0              | 0                     | \$347,227     |
| Public 2 year                               | 1,817                    | 6,394                     | 1,566                   | 144                       | 1,966                 | 3                          | 6                           | 161            | 0                     | \$13,593,146  |
| Total                                       | 5,222                    | 45,924                    | 8,945                   | 903                       | 5,409                 | 689                        | 267                         | 448            | 234                   | \$191,121,602 |

(1) Work study counts include only students working at eligible colleges.

(2) Public 2 year sector includes the Ivy Tech system and Vincennes University.



**Table 12: State Grant Student and Dollar Counts by Program  
For Years 2003-04 to 2005-06**

| Program                           | 2003-04  |               | 2004-05  |               | 2005-06  |               |
|-----------------------------------|----------|---------------|----------|---------------|----------|---------------|
|                                   | Students | Awards        | Students | Awards        | Students | Awards        |
| 21st Century Scholarship          | 7,632    | \$14,699,339  | 8,370    | \$17,072,819  | 8,945    | \$19,925,482  |
| Fee Remission                     | 5,927    | \$15,717,273  | 5,647    | \$15,530,810  | 5,222    | \$16,191,053  |
| Frank O'Bannon Grant              | 45,259   | \$128,489,169 | 47,241   | \$135,851,619 | 45,924   | \$145,507,585 |
| Hoosier Scholars                  | 794      | \$397,000     | 753      | \$376,500     | 689      | \$344,500     |
| Minority Teacher Scholarship      | 247      | \$352,955     | 226      | \$334,834     | 267      | \$413,759     |
| National Guard Supplemental Grant | 841      | \$2,211,879   | 780      | \$2,116,117   | 903      | \$2,740,499   |
| Nursing Scholarship               | 463      | \$325,430     | 463      | \$339,061     | 448      | \$336,305     |
| Part-time Grant                   | 5,684    | \$5,228,374   | 5,759    | \$5,650,412   | 5,409    | \$5,528,115   |
| Work Study                        | 449      | \$570,846     | 586      | \$755,966     | 600      | \$625,890     |
| Total Grants                      | 66,053   | \$167,992,265 | 68,486   | \$178,028,137 | 67,807   | \$191,613,187 |

(1) Students can receive more than one grant. Hence the total of the students is the number of grants awarded and not students

(2) Work Study includes non-college organizations.



Table 13: 2005-2006 Used Awards for All Major Grant Programs

| Sector                |          | All Awards    | Higher Education Award | Freedom of Choice Award | 21st Century Scholarship | National Guard Grant | Part-time Grant |
|-----------------------|----------|---------------|------------------------|-------------------------|--------------------------|----------------------|-----------------|
| Public                | Students | 29,251        | 25,647                 |                         | 5,679                    | 759                  | 2,669           |
|                       | Mean     | \$3,089       | \$2,748                |                         | \$2,530                  | \$3,351              | \$1,102         |
|                       | Total    | \$90,346,656  | \$70,490,646           |                         | \$14,370,589             | \$2,543,618          | \$2,941,803     |
| Independent           | Students | 12,607        | 11,856                 | 11,856                  | 1,482                    |                      | 774             |
|                       | Mean     | \$5,515       | \$1,957                | \$3,480                 | \$2,437                  |                      | \$1,879         |
|                       | Total    | \$69,527,196  | \$23,200,607           | \$41,260,728            | \$3,611,882              |                      | \$1,453,979     |
| Proprietary           | Students | 1,980         | 1,909                  |                         | 218                      |                      |                 |
|                       | Mean     | \$1,272       | \$1,204                |                         | \$1,010                  |                      |                 |
|                       | Total    | \$2,518,808   | \$2,298,707            |                         | \$220,101                |                      |                 |
| Reciprocity Agreement | Students | 118           | 118                    |                         |                          |                      |                 |
|                       | Mean     | \$2,943       | \$2,943                |                         |                          |                      |                 |
|                       | Total    | \$347,227     | \$347,227              |                         |                          |                      |                 |
| Public 2 year         | Students | 8,639         | 6,394                  |                         | 1,566                    | 144                  | 1,966           |
|                       | Mean     | \$1,270       | \$1,239                |                         | \$1,100                  | \$1,367              | \$576           |
|                       | Total    | \$10,972,399  | \$7,920,275            |                         | \$1,722,910              | \$196,881            | \$1,132,333     |
| All Sectors           | Students | 52,595        | 45,924                 | 11,856                  | 8,945                    | 903                  | 5,409           |
|                       | Mean     | \$3,303       | \$2,270                | \$3,480                 | \$2,228                  | \$3,035              | \$1,022         |
|                       | Total    | \$173,712,286 | \$104,257,462          | \$41,260,728            | \$19,925,482             | \$2,740,499          | \$5,528,115     |

(1) Public 2 year includes Ivy Tech system and Vincennes University



Table 14: 2005-2006 Used Awards for Frank O'Bannon Grant by Subsidy Rate

| Sector                |          | Total                  |                         | Base                   |                         | Core 40                |                         | Academic Honors        |                         |
|-----------------------|----------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|
|                       |          | Higher Education Award | Freedom of Choice Award | Higher Education Award | Freedom of Choice Award | Higher Education Award | Freedom of Choice Award | Higher Education Award | Freedom of Choice Award |
| Public                | Students | 25,647                 |                         | 10,543                 |                         | 7,334                  |                         | 7,770                  |                         |
|                       | Mean     | \$2,748                |                         | \$2,611                |                         | \$2,735                |                         | \$2,948                |                         |
|                       | Total    | \$70,490,646           |                         | \$27,525,336           |                         | \$20,057,728           |                         | \$22,907,582           |                         |
| Independent           | Students | 11,856                 | 11,856                  | 4,409                  | 4,409                   | 2,663                  | 2,663                   | 4,784                  | 4,784                   |
|                       | Mean     | \$1,957                | \$3,480                 | \$1,763                | \$3,135                 | \$2,000                | \$3,557                 | \$2,111                | \$3,756                 |
|                       | Total    | \$23,200,607           | \$41,260,728            | \$7,774,739            | \$13,820,800            | \$5,325,380            | \$9,472,992             | \$10,100,488           | \$17,966,936            |
| Proprietary           | Students | 1,909                  |                         | 1,647                  |                         | 217                    |                         | 45                     |                         |
|                       | Mean     | \$1,204                |                         | \$1,182                |                         | \$1,343                |                         | \$1,341                |                         |
|                       | Total    | \$2,298,707            |                         | \$1,946,939            |                         | \$291,425              |                         | \$60,343               |                         |
| Reciprocity Agreement | Students | 118                    |                         | 42                     |                         | 48                     |                         | 28                     |                         |
|                       | Mean     | \$2,943                |                         | \$2,691                |                         | \$2,682                |                         | \$3,767                |                         |
|                       | Total    | \$347,227              |                         | \$113,036              |                         | \$128,714              |                         | \$105,477              |                         |
| Public 2 year         | Students | 6,394                  |                         | 4,926                  |                         | 1,136                  |                         | 332                    |                         |
|                       | Mean     | \$1,239                |                         | \$1,196                |                         | \$1,363                |                         | \$1,443                |                         |
|                       | Total    | \$7,920,275            |                         | \$5,892,964            |                         | \$1,548,077            |                         | \$479,234              |                         |
| All sectors           | Students | 45,924                 | 11,856                  | 21,567                 | 4,409                   | 11,398                 | 2,663                   | 12,959                 | 4,784                   |
|                       | Mean     | \$2,270                | \$3,480                 | \$2,006                | \$3,135                 | \$2,400                | \$3,557                 | \$2,597                | \$3,756                 |
|                       | Total    | \$104,257,462          | \$41,260,728            | \$43,253,014           | \$13,820,800            | \$27,351,324           | \$9,472,992             | \$33,653,124           | \$17,966,936            |

(1) Public 2 year includes Ivy Tech system and Vincennes University

(2) Base are students subsidized at 80% (Regular H.S. diploma)

(3) Core 40 are students subsidized at 90% (Core 40 endorsement on H.S. diploma)

(4) Honors are students subsidized at 100% (Academic Honors H.S. diploma)



The requested increases needed in student aid appropriations for the Frank O'Bannon Grant are intended to keep the state's level of support for individual students comparable to past years and to the state's level of support for the publicly funded colleges and universities.

### **Maintaining Student Aid Appropriations: Twenty-First Century Scholarships**

The Twenty-first Century Scholars Program, created in 1990, has grown dramatically. The program has enrolled over 132,000 students from all counties and all school districts in Indiana through the high school graduation year of 2012. Beginning in school year 1995-96, Scholars began graduating from high school and entering college. In 2006-07 nearly 10,000 Scholars will be enrolled in college. This figure is expected to increase in the next biennium.

The following table summarizes the activity in enrolling and affirming Scholars through the cohort year 2006, the expected year of high school graduation and the year they will enroll in college. The enrollment for those Scholars graduating high school in the future has been increasing at a high rate. For example, in calendar year 2004 the Program enrolled 14,028 8<sup>th</sup> graders and 8,181 7<sup>th</sup> graders, a total of 22,209. The program expects at least 50% of these students will graduate high school and attend college as new Scholars in 2008 and 2009.

**Table 15: 21st Century Scholars**  
Enrolled and Affirmed Since 1995

| Cohort | Enrolled | Affirmed | % Affirmed |
|--------|----------|----------|------------|
| 1995   | 5,715    | 2,562    | 44.8%      |
| 1996   | 6,317    | 2,835    | 44.9%      |
| 1997   | 5,004    | 2,608    | 52.1%      |
| 1998   | 4,237    | 2,637    | 62.2%      |
| 1999   | 4,748    | 2,999    | 63.2%      |
| 2000   | 5,744    | 3,395    | 59.1%      |
| 2001   | 7,335    | 3,929    | 53.6%      |
| 2002   | 7,717    | 3,989    | 51.7%      |
| 2003   | 7,594    | 3,732    | 49.1%      |
| 2004   | 7,785    | 4,462    | 57.3%      |
| 2005   | 7,282    | 4,850    | 66.6%      |
| 2006   | 6,992    | 4,569    | 65.3%      |

One indicator for commitment to college is the percent of Scholars who file for financial aid (file the FAFSA) in their senior year of high school as part of the Affirmation Process. The filing rates were 74.0% in 1995 but are now approaching 88%. This suggests that increased emphasis on early intervention is having the desired effect as increasing percentages of Scholars commit to college. Financial aid re-filing rates of the Scholars are consistently 10% higher than their fellow students. This is a measure of persistence and commitment to college. Scholars differ in important ways from other state aid recipients and especially from students not eligible to receive state aid. Table 4 shows some differences between Scholars and other grant recipients. Scholars tend to be





first generation college goers with Core 40 diplomas from larger families with younger single parents earning less money than other aid recipients and non-recipients.

### Grant Appropriation

The Twenty-first Century Scholars award is a supplemental award to the Frank O'Bannon Grant (the grant is the combined HEA and FOC awards). It makes up the difference between tuition and the grant so that in effect tuition is subsidized at 100%. Tuition increases immediately impact the Scholarships because the Frank O'Bannon Grant is based on the prior years tuition and fees and the 21st Scholarships on current tuition and fees.

The Scholars award funding achieved a full complement of awards in 1998-99 with Scholars in each of the four years of college. From 2002-2003 on, the growth in the number of Scholars is expected to be about 8% per year; the growth in the grants will be much higher due to the large increases in public college tuition in 2002-2003. The increase in costs should be somewhat offset by the fact that eligible Scholars will qualify for both the Core 40 and Academic Honors supplements to the Higher Education Award and Freedom of Choice programs. The following table summarizes the Scholarships used through 2002-2004.

**Table 16: Scholarships Used by 21st Century Scholars**

Academic Years 1995-1996 to 2005-2006

| Year | Students | Mean    | Median  | Total        |
|------|----------|---------|---------|--------------|
| 1995 | 1,463    | \$1,297 | \$1,044 | \$1,897,143  |
| 1996 | 2,815    | \$1,274 | \$1,061 | \$3,586,763  |
| 1997 | 3,540    | \$1,348 | \$1,114 | \$4,771,556  |
| 1998 | 4,382    | \$1,449 | \$1,218 | \$6,349,763  |
| 1999 | 4,600    | \$1,497 | \$1,229 | \$6,884,035  |
| 2000 | 5,033    | \$1,507 | \$1,194 | \$7,583,425  |
| 2001 | 5,984    | \$1,567 | \$1,163 | \$9,379,520  |
| 2002 | 6,942    | \$1,749 | \$1,416 | \$12,476,966 |
| 2003 | 7,639    | \$1,926 | \$1,575 | \$14,714,426 |
| 2004 | 8,381    | \$2,040 | \$1,646 | \$17,098,140 |
| 2005 | 8,934    | \$2,228 | \$1,802 | \$19,904,743 |

The Scholarships and other aid received by Scholars for 2005-2006 are summarized in the next table. The awards are listed by institutional types. Scholars who choose to enroll part-time are not eligible for the 21st Scholarship but can receive a Part-time Grant.

**Table 17: All Major Awards for 21st Century Scholars**

Academic Year 2005-2006

Higher Education, Freedom of Choice, 21st Century Scholarship, and Other Need-Based Awards

| Sector        |          | All Awards | HEA     | FOC | Scholarship |
|---------------|----------|------------|---------|-----|-------------|
| Public 4 year | Students | 5,795      | 4,590   |     | 5,671       |
|               | Mean     | \$4,946    | \$3,086 |     | \$2,531     |
|               | Median   | \$5,254    | \$3,236 |     | \$2,034     |

**Table 17: All Major Awards for 21st Century Scholars**

Academic Year 2005-2006

Higher Education, Freedom of Choice, 21st Century Scholarship, and Other Need-Based Awards

| Sector        |          | All Awards   | HEA          | FOC         | Scholarship  |
|---------------|----------|--------------|--------------|-------------|--------------|
| Private       | Total    | \$28,659,295 | \$14,162,694 |             | \$14,351,618 |
|               | Students | 1,708        | 1,585        | 1,585       | 1,482        |
|               | Mean     | \$8,591      | \$2,504      | \$4,454     | \$2,437      |
|               | Median   | \$10,014     | \$2,798      | \$4,976     | \$2,002      |
| Proprietary   | Total    | \$14,672,696 | \$3,969,416  | \$7,060,067 | \$3,611,882  |
|               | Students | 219          | 148          |             | 218          |
|               | Mean     | \$1,911      | \$1,341      |             | \$1,010      |
|               | Median   | \$1,724      | \$1,316      |             | \$614        |
| Reciprocity   | Total    | \$418,540    | \$198,439    |             | \$220,101    |
|               | Students | 6            | 6            |             |              |
|               | Mean     | \$3,789      | \$3,789      |             |              |
|               | Median   | \$4,832      | \$4,832      |             |              |
| Public 2 year | Total    | \$22,732     | \$22,732     |             |              |
|               | Students | 1,622        | 1,036        |             | 1,563        |
|               | Mean     | \$1,918      | \$1,307      |             | \$1,101      |
|               | Median   | \$2,084      | \$1,188      |             | \$866        |
| All Schools   | Total    | \$3,110,846  | \$1,354,556  |             | \$1,721,142  |
|               | Students | 9,350        | 7,365        | 1,585       | 8,934        |
|               | Mean     | \$5,014      | \$2,676      | \$4,454     | \$2,228      |
|               | Median   | \$5,004      | \$2,676      | \$4,976     | \$1,802      |
| Total         |          | \$46,884,109 | \$19,707,837 | \$7,060,067 | \$19,904,743 |

**Twenty-First Century Scholars Program/Early Intervention**

The Twenty-first Century Scholars Program was created by legislation in 1990 to:

- Reduce the number of students who withdraw from high school before graduation.
- Increase the number of students prepared to enter the workforce upon graduation.
- Increase the number of low-income students entering institutions of higher education.
- Decrease drug and alcohol use by encouraging higher education pursuits.
- Increase individual economic productivity.
- Improve the overall quality of life for Indiana residents.

Students from families with incomes not over 185% of poverty may enroll in the scholars program in seventh or eighth grade by signing a written pledge to remain alcohol, drug and crime free and to graduate from an Indiana high school with at least a 2.00 grade point average. In their high school senior year, Scholars who sign an affirmation that they have kept the pledge are awarded full tuition awards to Indiana's public colleges or a comparable award to a private in-state college once they enroll.



## State Involvement

The Scholars program began in 1990 with the enrollment of the first cohort of eighth graders from lower income families. The program provides mentoring, counseling, tutoring and advising of those students as they progress through secondary education.

In 1991 a Parents' Project, funded with seed money from the Lilly Endowment, Inc., was started. The State of Indiana provided initial funds in 1992 for the support programs via a collaborative effort of the Commission for Higher Education (CHE), the State Budget Agency and the Commission. That collaboration allowed the (then) Indiana Career and Postsecondary Advancement Center (ICPAC) to hire staff to manage the Scholars Program database. At this point the Parents' Project was the support component and ICPAC managed distribution and collection of applications and the input of those data into a database. The State of Indiana provided additional funding for the support component during the 1992-1994 biennium that allowed the program to expand to nine sites. Further support to expand to twelve sites came in 1994 through the National Early Intervention Scholarship and Partnership (NEISP) initiative. The NEISP grant process was discontinued by the federal government in 1999.

## GEAR UP

In 1999-2000, the Commission wrote and received a grant from the federal government for Early Intervention activities for Scholars, GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs). The GEAR UP grant to Indiana was \$25 million over 5 years beginning in September of 1999; the second highest in the nation (only a few thousand dollars behind California). Indiana received this substantial grant because it is recognized as a leader in early intervention and grant programs.

In 2005, the Commission re-applied for a new GEAR UP grant and despite stiff competition for limited funds, won a grant for nearly \$19M, which is one of the highest grants awarded but a reduction in funds of nearly \$2M per year. In addition to the reduction of federal dollars, *the state reduced its commitment to the Early Intervention program by cutting its budget by 50% from \$4M per year to \$2M per year in FY06 and FY07*. However, even before these changes, as part of the application for the new GEAR UP grant, the Commission was developing a new and more efficient model for support site management.

## A New Approach

The Commission had already set in place changes that would make the early intervention programs more effective and accountable through improved oversight, clearer local measurable objectives and goals, all while giving support sites the responsibility and freedom to attain those goals with the support of Office of Twenty-first Century Scholars (OTFC). Budgetary changes imposed new conditions that had to be met and met over a relatively short time period.

The Commission developed a set of *guiding principles* to plan the changes:

- To maximize resources while providing the highest possible level of services to Scholars and their families.
- To provide services consistent with the new accountability requirements.



- To provide services that more directly addressed the issues of Scholar motivation to go to college and academic preparation to succeed (the reduced funding in no way impacted the Scholarship).
- To make changes that are sustainable, viable, and accountable through 2011, the time-frame of the GEAR UP grant.
- Whenever possible to use sites that have value-added and are open year round.

The implementation of these principles involved developing *evaluation criteria* to be used to determine changes in support site structure:

- Site history such as changes in locations, leadership, administration, and support provided beyond contract.
- Historical enrollment and affirmation rates.
- Participation in early intervention activity rates.
- Overall budget expenditures and costs per student.
- Ability to comply with EDGAR (federal regulations governing GEAR UP grant), state fiscal rules and regulations, and internal fiscal and other reporting structures.

### **Regionalization**

This approach led to the development of the **Regionalization Model** for support site reorganization as a *statewide* practice. While requiring sites to *maintain the same decentralized services*, the model is characterized by the following:

- It allows sites to share costs on programming including the rising costs in transportation while building stronger awareness of the program in each region.
- It allows each site to retain a separate budget and the flexibility to determine site specific programming outside of mandated programming.
- It requires sites to work collaboratively to determine the feasibility of sharing staff members to assist with meeting goals and objectives.
- It can recast the reporting lines to maintain accountability while maintaining local control.

Under this model core early intervention activities must not change, that is:

- Senior exit interviews must continue to take place in area high schools.
- Core 40 workshops must continue to take place in area high schools.
- FAFSA workshops must continue to take place area high schools.
- Recruitment activities must continue to take place across the region in each middle school.
- Partnerships must continue to be brokered locally.

Besides changes on the fiscal side, the model was designed to require programmatic changes that conform to the (minimal) GEAR UP accountability requirements of:

- Mandatory statewide college visits.
- Expanded activities to bring Scholars and families up to date on state policy changes on Core 40 and state mandated curriculum changes.
- Support site specific goals and objectives based on measurable Indiana Department of Education data collected from the prior year such the number of 7<sup>th</sup> and 8<sup>th</sup> graders eligible for the program, the number of seniors earning Core 40



and Academic Honors diplomas, and other the Commission data such as enrollment and affirmation rates.

### **The Outcome**

The severe reductions in funding meant that fiscally relevant changes at the local support and OTFC level were required subject to the guidelines. Plans and contracts were modified using the evaluation criteria with the understanding that:

- Staffing levels would have to be reduced.
- Salaries capped.
- Benefits limited.
- Positions eliminated across the state.

In the end, the statewide changes resulted in a loss of 55 full and part-time positions, benefits being capped at 31%, freezing of salaries, and cutting administration costs at the OTFC level. The only sites reorganized were at Gary, East Chicago, and Knox resulting in reduction in the number of support sites from sixteen to fourteen. The administration and oversight of the new site was relocated to the campus of Indiana University Northwest but local representatives were kept in place at Knox and East Chicago.

Finally, because the college Twenty-First Century Scholarship is funded in an entirely different way than early intervention, no cuts have been made in the Scholarships. However, because the original GEAR UP grant specifically funded the extra GEAR UP Summer Scholarship and Mentoring Programs, the reduced federal government funding for the new grant required reductions in the summer scholarship and the phase out the mentoring program.

### **Scholar Services and Going to College**

To date, nearly 26,000 Scholars have completed high school, affirmed that they have remained drug and crime free, and received tuition assistance to attend Indiana public, private, and proprietary colleges. Through 2011 GEAR UP resources will continue the momentum and allow the Scholars Program to increase Scholar numbers, expand early intervention services through the fourteen Regional Community Partner sites, and build system capacity with targeted professional development and improved service brokering. The services provided to students and parents are varied. The following is a list of some of the services offered to students and parents:

- Math Tutoring
- English Tutoring
- Tutoring - Other Academic Subject
- Tutoring - Standardized test
- Tutoring - College Entrance Exam
- Tutoring - Other
- Computer Assisted Lab - English
- Computer Assisted Lab - Math
- Computer Assisted Lab - Other Academic Subject
- Computer Assisted Lab - Prep Standardized Test
- Computer Assisted Labs - Other



- Other Academic Support Service
- General Mentoring
- Professional Mentoring
- Other Mentoring
- Postsecondary School Credit
- Personal Counseling
- Counseling/Academic Advising
- Counseling/Career Advising
- Other Counseling
- College Prep Workshop
- Study Skills Workshop
- Career Workshop
- Other Workshops
- College Visit
- Job Site Visit
- Cultural Event
- Other Visits
- Job Shadowing
- College Professional Shadowing
- Other Shadowing
- General Event
- Project Specific Event

### **Moving in the Right Direction**

The state has made inroads in terms of new strategies to address the need for improved preparation for postsecondary education. The state's Twenty-first Century Scholars Program was a momentous step in the right direction, but needs further elaboration and extension throughout the state to meet its goals. A study (June 2002) by Dr. Edward St John and others at the Indiana Education Policy Center (Indiana University) has found

*... participation in the Scholars program improved postsecondary opportunity for low-income students compared to students who are not in the program. This study confirms that the Scholars program played a role in the substantial gain in college access in the 1990s in Indiana. These findings indicate that Indiana's 21st Century Scholar's Program provides a workable approach to overcoming inequalities in educational opportunity.*

### **The Path Ahead**

Studying the problems and obstacles the Scholars Program has encountered in its first decade provided a course for future action. There are four areas of change that will be continuously improved in the next biennium to strengthen the Scholars' Program, making it more accessible to the target population it is intended to serve and helping them to more fully exploit its resources.

- **Academic enrichment.** Indiana must continue to set high academic standards and expect students to meet them. High standards mean high academic achievement.
- **Improving knowledge about financial aid.** Both students and parents need to be better informed of the growing array of free or low cost resources and literature on financial aid.



- **Increased Parental Involvement.** Based on the premise that families are the most fundamental system in any process of social or educational change, the Parents' Project empowers parents of Twenty-first Century Scholars with the skills and knowledge to make themselves the educational leaders in their families.
- **More School and Community Partnerships.** To expand services at the “grassroots” level, to build local capacity, and to meet the needs of the targeted population, the Program will continue to expand its interaction with middle and high schools through Communities in Schools, Inc (CIS) and other means.

Despite deep changes over a short time period, the Program has made much progress in the past year:

#### **Growth in Municipal government support**

The cities of Fort Wayne, Lafayette, and West Lafayette are partnering with regional support sites to increase community awareness, improve student enrollment, participation, and affirmation rates while providing additional services to students through job shadowing experiences and online mentoring (Fort Wayne).

#### **Program Partnerships with Colleges and Universities**

In addition to providing incentives ranging from application fee waivers to additional housing and tuition scholarship funds, Indiana colleges and universities partner with the Twenty-first Century Scholars Program expanding access to specialized programming by providing the experiences at discounted rates (e.g., Purdue University Women in Science program) and improving college awareness for students and families by serving as hosts to Annual Scholar Family Visit days.

#### **Programming making a difference**

In 2003, The Central Office Twenty-first Century Scholars Program instituted Senior Exit interviews. Beginning in the fall of the senior year, students and parents meet with regional support staff, review deadlines, affirmation forms, FAFSA, and college application requirements. Follow up contact happens throughout the winter months. Since instituting this program component, affirmation rates, FAFSA filing rates, and the number of students enrolling into college during the fall after graduating from high school has grown. Effective 2006, in addition to continuing Senior Exit Interviews, juniors will complete a Senior Prep interview. The students and parents will complete an interview during which information regarding the process of leveraging additional scholarships, registering for ACT/SAT, applying for college, and completing the FAFSA

#### **Summary: Early intervention**

The state of Indiana acknowledges that most students need more than financial assistance to overcome the many milestones between middle school and college. Students need the support of their schools, communities and, most important, their families. The Twenty-first Century Scholars Support Program strives to empower Scholars with the resources and resilience necessary to conquer critical milestones and succeed at higher education. These practices will continue to improve the college going rates of Twenty-first Century Scholars.

**Maintaining Student Aid Appropriations: Part-Time Grant Program**

The Commission's Frank O'Bannon Grant program is directed at Hoosier students enrolled on a full-time basis. An identifiable percentage of students who are enrolled less than full time have a need for financial aid toward completion of a degree or certificate (at Ivy Tech State College). The Commission established a program that helps part-time students who have demonstrated a commitment to pursuing a higher education. This should enhance the opportunities for work-force development in the state. The Part-Time Grant helps the state in another way: First priority for the award is given to students meeting certain income guidelines. This enables the state to claim expenses for the program as part of its maintenance of effort (MOE) for the federal Temporary Assistance to Needy Families (TANF) program.

The program is designed to encourage part-time undergraduates to start and complete their Associate or Baccalaureate degrees or Certificates by subsidizing part-time tuition costs. The students must meet State residency requirements, have filed a FAFSA and otherwise qualify for State aid. The part-time grant is a need-based award.

Each institution is allocated a fixed dollar amount for grants. In effect, the number of students served is rationed by the available funds since institutions can make awards only up to their allocations. Funds for 2001-2002 and 2002-2003 had to be reduced due to the remission of 7% of the appropriations because of the state's fiscal crisis. That reduction has been maintained through 2006-07. The following table shows the disbursements since 1998. As noted previously, the Commission will request additional Part-time Grant funds to expand the program.

**Table 18: Numbers of Students Receiving Part-time Grant**  
Academic Years 1998-99 to 2005-06

| Year | Students | Amount      |
|------|----------|-------------|
| 1998 | 4,680    | \$3,814,984 |
| 1999 | 5,762    | \$5,025,841 |
| 2000 | 6,620    | \$5,902,957 |
| 2001 | 6,366    | \$5,344,173 |
| 2002 | 5,764    | \$4,849,701 |
| 2003 | 5,695    | \$5,246,665 |
| 2004 | 5,775    | \$5,681,582 |
| 2005 | 5,409    | \$5,528,115 |

**Maintaining Student Aid Appropriations: Indiana National Guard Supplemental Grant Program**

New in 2000-01, the National Guard Supplemental grant is available to members of the Indiana Air and Army National Guard seeking their first bachelor's degree. Students must meet all eligibility requirements for a Frank O'Bannon Grant, be in active drilling status in the Guard at the time the award is used, and they cannot have been AWOL in the past twelve months. The grant makes up the difference in tuition not covered by the Higher Education Award. It is available only at public colleges in Indiana.





The Guard has been actively recruiting high school juniors and seniors in addition to college students. Awards are typically high, averaging \$3,035 in 2005-06. The following table shows the awards for 2000-01 to 2005-06. The decrease in students was due to the deployment of National Guard members to Iraq and Afghanistan in 2003 and 2004. It is expected that the National Guard will have 1,000 students for 2004-2005 and beyond with a corresponding increase in the funds needed for the program, assuming no large-scale deployments.

Beginning in 2002-2003 the Commission made special arrangements with the Indiana National Guard to guarantee that students called to active duty because of the war on terrorism would not lose their grants or grant eligibility if they were unable to complete a FAFSA on time.

**Table 19: Awards Used by National Guard Students**  
Academic Years 2000-2001 to 2005-2006

| Year    | Students | Amount      |
|---------|----------|-------------|
| 2000-01 | 503      | \$1,026,094 |
| 2001-02 | 861      | \$1,842,824 |
| 2002-03 | 923      | \$2,214,787 |
| 2003-04 | 841      | \$2,215,806 |
| 2004-05 | 780      | \$2,120,394 |
| 2005-06 | 903      | \$2,740,499 |

### **Maintaining Student Aid Appropriations: Fee Remission for Certain Students**

The Commission administers a fee remission program aimed at the following students enrolled in Indiana public colleges:

- A pupil in Soldiers' and Sailors' Children's Home.
- A child of a Purple Heart recipient or wounded veteran.
- A child of a POW/MIA from Vietnam War.
- A child of a deceased or disabled veteran.
- A child or spouse of an Indiana National Guard member killed while on state active duty.
- A child or spouse of a police officer, firefighter, or emergency medical technician killed in the line of duty.

The fee remission value is the same for all students. For example, children of disabled veterans with a disability rating of 0% receive the same benefit as those with a 100% rating, which is the same as the children of first responders killed in the line of duty.

The fees covered by this program and paid by the state are tuition and all mandatory fees for courses required for the student's degree. Because this grant pays actual tuition and fees, the costs grew on average by 12% to 15% per year as the public colleges raised their tuition in 2002-03 and 2003-04. Those costs were unanticipated when the 2003-05 biennial budgets were written. The Commission found it necessary to delay payments to schools until the new fiscal year began. Growth in the number of students is expected to be modest over the next 3 years but costs will be directly indexed to rising public college tuition and fees, which could be as high as 6%.



Starting January 1, 2005, the Commission required all students in this program to file a FAFSA. This is being done for two main reasons: (1) to satisfy the statutory requirement that the Commission maximize the financial aid available to students and to spread the costs among a number of state programs; (2) and to collect better data on the students in the program.

**Table 20: The Commission expenditures since taking over the CVO program in 2001**

| Year    | Type                                     | Fee Remission   | Students | Mean       |
|---------|--|-----------------|----------|------------|
| 2001-02 | Pupil in Soldier and Sailors Home        | \$35,486.54     | 19       | \$1,867.71 |
|         | Child of Purple Heart recipient          | \$988,843.39    | 453      | \$2,182.88 |
|         | Child of deceased or disabled veteran    | \$10,452,759.41 | 4,731    | \$2,209.42 |
|         | Child of deceased public safety officer  | \$30,777.81     | 9        | \$3,419.76 |
|         | Total                                    | \$11,507,867.15 | 5,212    | \$2,207.96 |
| 2002-03 | Pupil in Soldier and Sailors Home        | \$37,114.85     | 19       | \$1,953.41 |
|         | Child of Purple Heart recipient          | \$1,222,688.97  | 474      | \$2,579.51 |
|         | Child of deceased or disabled veteran    | \$13,725,458.56 | 5,384    | \$2,549.31 |
|         | Child of deceased public safety officer  | \$39,481.63     | 9        | \$4,386.85 |
|         | Total                                    | \$15,024,744.01 | 5,886    | \$2,552.62 |
| 2003-04 | Pupil in Soldier and Sailors Home        | \$65,834.71     | 28       | \$2,351.24 |
|         | Child of Purple Heart recipient          | \$1,160,559.71  | 434      | \$2,674.10 |
|         | Child of deceased or disabled veteran    | \$14,467,235.27 | 5,250    | \$2,755.66 |
|         | Child of deceased public safety officer  | \$23,643.42     | 6        | \$3,940.57 |
|         | Total                                    | \$15,717,273.11 | 5,718    | \$2,748.74 |
| 2004-05 | Pupil in Soldier and Sailors Home        | \$65,406.49     | 29       | \$2,255.40 |
|         | Child of Purple Heart recipient          | \$1,045,642.96  | 353      | \$2,962.16 |
|         | Child of deceased or disabled veteran    | \$14,399,268.80 | 5,066    | \$2,842.33 |
|         | Child of deceased public safety officer  | \$18,704.97     | 5        | \$3,740.99 |
|         | Spouse of deceased public safety officer | \$1,786.30      | 1        | \$1,786.30 |
|         | Total                                    | \$15,530,809.52 | 5,454    | \$2,847.60 |
| 2005-06 | Pupil in Soldier and Sailors Home        | \$42,673.48     | 20       | \$2,133.67 |
|         | Child of Purple Heart recipient          | \$977,780.95    | 314      | \$3,113.95 |
|         | Child of deceased or disabled veteran    | \$15,148,137.14 | 4,722    | \$3,207.99 |
|         | Child of deceased public safety officer  | \$15,081.85     | 6        | \$2,513.64 |
|         | Spouse of deceased public safety officer | \$1,589.20      | 1        | \$1,589.20 |
| Total   |  | \$16,185,262.62 | 5,063    | \$3,196.77 |

As can be seen from the table, the majority of students in the program are children of disabled veterans. Of those, the majority attend 4-year public universities where costs are highest.

### Summary

Helping students pay for college is a long-term investment in Indiana's future. Hoosiers who go to college have children who graduate from college. College graduates pay more in taxes, buy more expensive homes, vote more often, are healthier, are able to afford health insurance, and are unemployed less. Despite rising tuition costs and the increases on student aid that implies, Indiana cannot allow itself to fall behind.



Currently, the Commission's budget is only about 3% to 4% of the state's expenditure on higher education. Even with the increases requested in the Appendix, the Commission's share of state's higher education expenses is modest. The equation is simple: As state appropriations to the public colleges and universities go down or stay level, the institutions respond by raising tuition and fees. If state financial aid is not increased to offset these increases in tuition and fees, Indiana will be unable to compete in a marketplace that requires well-educated workers.

### **Program Descriptions**

Current Commission grant and scholarship programs include:

- The Higher Education Award Program.
- Freedom of Choice Program.
- The Part-time Grant Program.
- The Hoosier Scholar Program.
- The Minority Teacher and Special Education Services Scholarship Program.
- The State Work-Study Program.
- The Indiana Nursing Fund Scholarship Program.
- The Paul Douglas Teacher Scholarship Program.
- The Robert C. Byrd Honors Scholarship Program.
- The Specter Youth Offenders Grant Program.
- The Reciprocity Agreement Program.
- The Twenty-first Century Scholars Program.
- The National Guard Supplemental Grant Program.
- The Child of Veteran and Public Safety Officer Supplemental Grant Program.
- Several Federal Programs.

A brief description of each of these programs follows. Table 11 on Page 18 summarizes student counts and dollars expended over three years for the programs described.

### **Frank O'Bannon Grant: The Higher Education Award and Freedom of Choice Programs**

The Higher Education Award (HEA) and the Freedom of Choice grant (FOC) is the Frank O'Bannon Grant<sup>2</sup> Program. It is the largest Commission program serving approximately 46,000 Hoosier college students each year. The FOC grant is available only at private colleges. The HEA is available at public, private, and proprietary colleges.

The program maximizes efficiency by relying on federal financial aid application data to assess qualification for state aid, thereby reducing duplicate forms and redundant filing by applicants. After electronically retrieving and processing financial aid application data, awards are calculated each year by the Commission and notices are distributed to individual students and postsecondary institutions. Institutions are notified of student awards via electronic file transfer. Students are notified of their awards via U.S. mail and an internet application, eStudent.

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<sup>2</sup> The program was formerly named the Indiana Higher Education Grant. It was changed by a joint resolution of the General Assembly to honor the late Governor Frank O'Bannon.



### **National Recognition**

In recent years, Indiana's need-based aid programs administered by the Commission ranked *seventh* nationally in estimated grant dollars per resident population, *ninth* in estimated grant dollars per resident college-age population, and *sixth* in estimated grant dollars to undergraduates per full-time undergraduate enrollment. Moreover, of all the states, the District of Columbia, and Puerto Rico, Indiana consistently ranks in the top three of awards given to private college students. In 2005-06 Indiana was *first* in the maximum award given to students at private colleges: \$10,014 as compared to the next highest, California at \$9,873, and that award required a minimum high school GPA of 3.00, else it is only \$8,322.

The increases requested in student aid appropriations are intended to keep the state's level of support for individual students comparable to the state's level of support for the publicly funded colleges and universities. Reduction in budgets could jeopardize this leadership position, one of the few in education achieved by the state.

### **Eligibility for an Award**

To receive an Indiana grant, an applicant must be an Indiana resident, be an undergraduate and enroll in an eligible Indiana postsecondary institution as a full-time student and demonstrate financial need. The student must file the Free Application for Federal Student Aid (FAFSA) between January 1 and March 10 of each year.

The grant levels per student are based upon a formula that discounts allowable costs by the student's ability to pay. An award offered can not be used if a student is academically ineligible, goes to an ineligible institution, or is in default of an educational loan.

### **The Part-time Grant Program**

The Commission's Higher Education Award and Freedom of Choice grant programs are directed at Hoosier students enrolled on a full-time basis. But there are many students enrolled less than full time who need financial aid to complete a degree or certificate. The Commission established a program that helps part-time students who have demonstrated a commitment to pursuing a higher education.

The Part-Time Grant helps the state in an indirect way: First priority for the award is given to students meeting certain income guidelines. This enables the state to claim expenses for the program as part of its maintenance of effort (MOE) for the federal Temporary Assistance to Needy Families (TANF) program.

The program is designed to encourage part-time undergraduates to start and complete their Associate or Baccalaureate degrees or Certificates by subsidizing part-time tuition costs. The students must meet state residency requirements, have filed a FAFSA and otherwise qualify for State aid. The part-time grant is a need-based award.

### **The Hoosier Scholar Program**

The Hoosier Scholar Program is a one-time, \$500 scholarship to outstanding high school seniors entering their first year at an Indiana college. It is a strictly academic merit program. Students must be in the top 20% of their high school graduating class and are



nominated by their high school guidance staffs. The Commission works closely with high schools and colleges in administering this award.

### **The Minority Teacher and Special Education Services Scholarship Program**

This program was created to provide renewable scholarships for African American and Hispanic students preparing for a teaching career. In 1990 the program was amended to include the fields of Special Education, Occupational Therapy and Physical Therapy. Providing about \$400,000 each year, the Minority and Special Education Services Scholarship Program has helped thousands of Indiana students since its inception. Scholarship recipients must attend an Indiana college or university and agree to teach in an Indiana school for 3 out of 5 years following graduation.

### **The Nursing Fund Scholarship Program**

In 1990, the Indiana General Assembly created the Nursing Fund Scholarship Program to address the critical shortage of nurses in Indiana. Funds are available to Indiana residents who are admitted to an eligible Indiana nursing school and demonstrate financial need. In addition, eligible applicants must have a minimum grade point average of at least 2.0 on a 4.0 scale. Award recipients must agree to work as a nurse in Indiana for at least two years following graduation. The scholarship can be as much as \$5,000 per academic year and may only be used for tuition and fee expenses.

### **The State Work-Study Program**

The State Work-Study Program is designed to help students gain work experience and earn money in the summer toward their college expenses during the school year. Only students who received a need-based state grant during the prior academic year are eligible for summer work-study. The program has provided more than \$9 million to assist over 9,000 students since 1986.

In 1989 the Commission began to administer the work-study program as a summer only program. However, in 1999 the Commission returned the State Work-Study program back to its original format, an academic year and summer program. Returning to a year round program has helped more college students to meet the rising costs of college as well as providing more support to employers. However, increases over the years in the minimum wage rates, competition for student workers with the private workforce sector, and flat budgets has made it difficult for not-for-profit organizations to hire work-study students.

### **Paul Douglas Teacher Scholarship Program**

In 1995, Congress terminated funding for the Douglas program. Although the program no longer provides scholarships to students, the state, through the Commission, is still responsible for monitoring scholars' enrollment and employment status, verifying program compliance rules and obligations, and collecting refunds from recipients who failed to fulfill their teaching obligations. Unless the U.S. Department of Education or Congress provides administrative relief, the Commission's responsibilities with respect to administering this program will continue well into the next decade. During the nine years the program was in operation 298 Indiana students benefited from the program. The



Commission is required to follow the recipients of this program until their obligation is honored.

### Robert C. Byrd Honors Scholarship Program

The Robert C. Byrd Honors Scholarship is designed to promote and award outstanding academic achievement. The \$1,500 renewable scholarships are divided equally among Indiana's ten congressional districts. The Byrd Scholarship Program was established in 1986. It is federally funded and can be used at any eligible college in the United States.

**Table 21: Byrd Scholars**  
Academic Years 2004-05 and 2005-06

|                                       | 2004-05  |           | 2005-06  |           |
|---------------------------------------|----------|-----------|----------|-----------|
|                                       | Students | Awards    | Students | Awards    |
| Indiana Public Institutions           | 173      | \$261,250 | 196      | \$186,500 |
| Indiana Independent Institutions      | 140      | \$209,125 | 134      | \$232,438 |
| Out-of-State Public Institutions      | 67       | \$100,875 | 57       | \$130,000 |
| Out-of-State Independent Institutions | 188      | \$281,750 | 191      | \$222,000 |
| In-state Proprietary Institutions     | 0        | \$0       | 1        | \$1,500   |
| Out-of-State Proprietary Institutions | 0        | \$0       | 1        | \$500     |
| Total Scholarships                    | 570      | \$853,000 | 580      | \$829,881 |

### The Specter Youth Offenders Grant

A federally funded program to the Indiana Department of Corrections administered by the Commission. It provides modest college tuition grants to incarcerated Indiana students not eligible for other state aid. Students must be 25 year or younger and eligible for parole or incarcerated for 5 years or less. Students are usually ineligible for other state aid because they cannot meet the FAFSA filing deadlines.

**Table 22: Specter Youth Offenders Grant (DOC)**  
Academic Years 2004-05 and 2005-06

|                          | 2004-05  |           | 2005-06  |           |
|--------------------------|----------|-----------|----------|-----------|
|                          | Students | Awards    | Students | Awards    |
| Public Institutions      | 159      | \$232,816 | 147      | \$215,196 |
| Independent Institutions | 102      | \$153,000 | 67       | \$102,000 |
| Total                    | 261      | \$385,816 | 214      | \$317,196 |

### The Reciprocity Agreement Program

Formerly known as the "Contract for Space" Program, the Reciprocity Agreement Program was established in the 1989-90. It provides out-of-state college assistance to students residing in a six county area of southeastern Indiana that, at the time, was noted for its lack of a four-year, public, postsecondary institution.

Currently, three institutions participate in the program: Northern Kentucky University (NKU), University of Cincinnati (UC), and Cincinnati State Technical and Community College (CSTCC). Tuition and fees have increased at each of these institutions over the past several years while funds have not increased. As a consequence, both the number of students served and the amount the State will be able to pay over the next biennium toward discounting the costs of tuition and fees will grow smaller.



### **Twenty-First Century Scholars Program**

The Twenty-first Century Scholars Program is designed to support and encourage youth from lower-income families to enter college. It was established in 1990 to:

- Reduce the number of students who withdraw from high school before graduation.
- Increase the number of students prepared to enter the workforce upon graduation.
- Increase the number of low-income students entering institutions of higher education.
- Decrease drug and alcohol use by encouraging higher education pursuits.
- Increase individual economic productivity.
- Improve the overall quality of life for Indiana residents.

The Scholars program began in 1990 with the enrollment of the first cohort of eighth graders from low and moderate-income families. The program provides mentoring, counseling, tutoring and advising of those students as they progress through secondary education. A decade of grants supplemented with early intervention programming over the past five years has had positive results. A noted earlier Dr. Edward St. John and others at the Indiana Education Policy Center has found

*... participation in the Scholars program improved postsecondary opportunity for low-income students compared to students who are not in the program. This study confirms that the Scholars program played a role in the substantial gain in college access in the 1990s in Indiana. These findings indicate that Indiana's 21st Century Scholar's Program provides a workable approach to overcoming inequalities in educational opportunity.*

To help ensure that young people from at-risk environments stay on track to their pledge of good citizenry and their goal of higher education, Scholars must have the commitment of the entire community. In addition to enabling Scholars to earn tuition assistance, the program engages Scholars, their families, and their communities in a holistic, network of support initiatives. The aim of these initiatives is to build resiliency—to foster an academically encouraging environment for Scholars, while empowering parents to serve as the educational leaders in Scholars' lives.

Since 1999 GEAR UP funds have allowed the program to expand and increase services to students and parents. From the Community Partner sites, full-time GEAR UP/Twenty-first Century Scholar Coordinators direct the outreach support initiatives in local communities. Each Community Partner hosts a Parent Support Group.

Coordinators and staff assistants engage Scholars and their families throughout Indiana in a myriad of academic enrichment and college preparatory activities. Some of the activities—such as drug prevention workshops, conflict resolution training and service-learning projects—promote life-skills and social responsibility. Other activities—such as tutorial sessions, mentoring groups, and college tours—help Scholars achieve academic success and reach a higher level of self-actualization.

### **National Guard Supplemental Grant Program**

The National Guard Supplemental grant is available to members of the Indiana Air and



Army National Guard seeking their first bachelor's degree. Students must meet all eligibility requirements for a Frank O'Bannon Grant, be in active drilling status and they cannot have been AWOL in the past twelve months. The grant makes up the difference in tuition not covered by the Higher Education Award. It is available only at public colleges in Indiana.

In 2002-03 the Commission made special arrangements with the Indiana National Guard to guarantee that students called to active duty because of the war on terrorism would not lose their grants or grant eligibility if they were unable to complete a FAFSA on time or that they were deployed in mid-term.

### **Child of Veteran and Public Safety Officer Supplemental Grant Program**

This Fee Remission Program-the CVO Program-provides tuition and fee assistance at public colleges for eligible children of disabled Indiana veterans, eligible children and spouses of certain members of the Indiana National Guard killed while serving on state active duty, and eligible children and spouses of certain Indiana public safety officers killed in the line of duty. As a supplement to other state financial aid, the grant pays 100% of tuition and program related mandatory fees; it does not cover other fees such as room and board.

Students who might be covered under the veterans' portion of the program are:

- Certain graduates of the Soldiers' and Sailors' Children's Home.
- Children of Purple Heart recipient or wounded veteran.
- Children of deceased or disabled veteran.
- Children of POW/MIA from Vietnam War.

Some program restrictions apply and financial assistance is limited to a maximum number of credit hours. The veteran must meet, or have met, certain Indiana residency requirements, and the child must be the biological child or legally adopted dependent child of the veteran. In addition, the covered student must be regularly admitted as an in-state student to an Indiana public college and must maintain satisfactory academic progress (as defined by the college) while receiving the fee remission. Other restrictions might apply. Each child must submit an application and re-application is necessary whenever a school is changed. An application from the Indiana Department of Veterans Affairs (IDVA) is required.

Students who might be covered under the Indiana National Guard portion of the program are a child or spouse of a member of the Indiana National Guard who suffered a service connected death while serving on state active duty.

Some program restrictions apply and financial assistance is limited to a maximum number of credit hours. The child must be the biological child or legally adopted dependent child of the veteran. Spouses must have been married to the covered National Guard member at the time of death. Both children and spouses must be regularly admitted as in-state students to a public college and must maintain satisfactory academic progress (as defined by the college) while receiving the fee remission. Other restrictions might apply. Each student - child or spouse - must submit an application and re-application is necessary whenever a school is changed. An application from the Military Department of Indiana (MDI) is required.





Students who might be covered under the public safety officers' portion of the program are a child or spouse of a police officer, firefighter or emergency medical technician killed in the line of duty, or the child of an Indiana state police trooper permanently and totally disabled in the line of duty.

The deceased public safety officer must have been killed in the line of duty while a legal resident of Indiana, a public employee of the state, an Indiana town, city, township, or county, and be one of the following:

- (1) A regular, paid law enforcement officer.
- (2) A regular, paid firefighter.
- (3) A volunteer firefighter.
- (4) A county police reserve officer.
- (5) A city police reserve officer.
- (6) A paramedic.
- (7) An emergency medical technician.
- (8) An advanced emergency medical technician.

Some program restrictions apply and financial assistance may be limited. Children must be less than 23 years of age, a full-time undergraduate or graduate degree-seeking student, and the biological or legally adopted dependent child of the covered public safety officer. Spouses must be enrolled in a degree-seeking undergraduate program and must have been married to the covered public safety officer at the time of death. Both children and spouses must be regularly admitted as in-state students to an Indiana public college and must maintain satisfactory academic progress (as defined by the college) while receiving the fee remission. Other restrictions might apply. Each student - child or spouse - must submit an application and re-application is necessary whenever a school is changed. An application from the Commission is required.

### **The Importance of Financial Aid**

There is evidence that the current Indiana student aid system makes college affordable and possible for large number of Hoosiers who otherwise would have to forgo college or take on large amounts of loan debt. It is an investment in the future of Indiana: college-educated Hoosiers generate revenue for the state and raise the quality of life.

The state of Indiana is currently ranked as one of the top ten states in granting financial aid to college students, both in the total amount of aid and in the size of the individual awards to students in Indiana public, private, and proprietary colleges. Indeed, Indiana frequently occupies the 6<sup>th</sup> or 7<sup>th</sup> position. In order to maintain this leadership position, the State Student Assistance Commission has been strongly supported by the General Assembly, the Governor and the Commission for Higher Education. The Commission is certain such support will continue into the next biennium.

Financial aid is a public policy issue of great importance. Unusual with public policy, how a financial aid program is structured lends itself to rational and political calculations as well as a sense of what is fair and right to do. What the leadership of the state does or fails to do in crafting financial aid programs will have long-term and far-reaching consequences for Hoosier families.

**Eligible Institutions****Table 23: Eligible Colleges and Universities 2006-07**

| <b>Title IV<br/>Code</b> | <b>College</b>   |
|--------------------------|--|
| E01224                   | Art Institute of Indianapolis, The                                   |
| 001784                   | Ancilla College  |
| 001785                   | Anderson University  |
| 031763                   | Aviation Institute of Maintenance                                    |
| 016661                   | Ball Memorial Hospital's School of Radiologic Technology             |
| 001786                   | Ball State University  |
| 001787                   | Bethel College   |
| 004583                   | Brown Mackie College-Fort Wayne/South Bend                           |
| 014607                   | Brown Mackie College -Merrillville/Michigan City                     |
| 001788                   | Butler University  |
| 001834                   | Calumet College of Saint Joseph                                      |
| 034567                   | Crossroads Bible College   |
| E00499                   | Davenport University-Merrillville                                    |
| 016862                   | Davenport University-South Bend                                      |
| 001792                   | DePauw University  |
| 001793                   | Earlham College  |
| 001798                   | Franklin College   |
| 001799                   | Goshen College   |
| 001800                   | Grace College  |
| 001801                   | Hanover College  |
| 007263                   | Holy Cross College   |
| 001803                   | Huntington University  |
| 015227                   | Indiana Business College-Anderson                                    |
| 015226                   | Indiana Business College-Columbus                                    |
| E00778                   | Indiana Business College-Evansville                                  |
| E00931                   | Indiana Business College-Fort Wayne                                  |
| 015218                   | Indiana Business College-Indianapolis                                |
| E00777                   | Indiana Business College-Indianapolis Medical                        |
| 015224                   | Indiana Business College-Lafayette                                   |
| 015223                   | Indiana Business College-Marion                                      |
| 015222                   | Indiana Business College-Muncie                                      |
| E01209                   | Indiana Business College-Northwest                                   |
| 015220                   | Indiana Business College-Terre Haute                                 |
| 001805                   | Indiana Institute of Technology (Fort Wayne/Indianapolis/South Bend) |
| 001807                   | Indiana State University   |
| 001809                   | Indiana University-Bloomington                                       |
| E01033                   | Indiana University/Purdue University-Columbus (IUPUC)                |
| 001811                   | Indiana University-East  |
| 001828                   | Indiana University/Purdue University-Fort Wayne (IPFW)               |
| 001813                   | Indiana University/Purdue University-Indianapolis (IUPUI)            |
| 001814                   | Indiana University-Kokomo  |
| 001815                   | Indiana University-Northwest   |
| 001816                   | Indiana University-South Bend  |
| 001817                   | Indiana University-Southeast   |



| Title IV Code | College  |
|---------------|--|
| 001822        | Indiana Wesleyan University  |
| 014207        | International Business College-Fort Wayne  |
| E00664        | International Business College-Indianapolis                                      |
| 008329        | ITT Technical Institute-Fort Wayne   |
| 007329        | ITT Technical Institute-Indianapolis   |
| 007327        | ITT Technical Institute-Newburgh   |
| 035213        | Ivy Tech Community College of Indiana-Bloomington                                |
| 010038        | Ivy Tech Community College of Indiana-Columbus                                   |
| 009925        | Ivy Tech Community College of Indiana-Evansville/Tell City                       |
| 009926        | Ivy Tech Community College of Indiana-Fort Wayne                                 |
| 010040        | Ivy Tech Community College of Indiana-Gary/Valparaiso/East Chicago/Michigan City |
| 009917        | Ivy Tech Community College of Indiana-Indianapolis                               |
| 010041        | Ivy Tech Community College of Indiana-Kokomo/Logansport/Wabash                   |
| 010039        | Ivy Tech Community College of Indiana-Lafayette/Crawfordsville                   |
| 009923        | Ivy Tech Community College of Indiana-Madison/Lawrenceburg/Batesville            |
| 009924        | Ivy Tech Community College of Indiana-Muncie/Anderson/Marion                     |
| 010037        | Ivy Tech Community College of Indiana-Richmond/Connersville                      |
| 010109        | Ivy Tech Community College of Indiana-Sellersburg                                |
| 008423        | Ivy Tech Community College of Indiana-South Bend/Warsaw/Elkhart                  |
| 008547        | Ivy Tech Community College of Indiana-Terre Haute/Greencastle                    |
| 007938        | Lincoln Technical Institute-Indianapolis   |
| 001820        | Manchester College   |
| 001821        | Marian College   |
| 014975        | Martin University  |
| 001824        | Oakland City University  |
| 009777        | Professional Careers Institute-Indianapolis                                      |
| 001827        | Purdue University-Calumet  |
| 001826        | Purdue University-North Central  |
| 001825        | Purdue University-West Lafayette   |
| 001830        | Rose-Hulman Institute of Technology  |
| 006257        | Saint Elizabeth's School of Nursing  |
| 001833        | Saint Joseph's College   |
| 001835        | Saint Mary-of-The-Woods College  |
| 001836        | Saint Mary's College   |
| E01100        | Sawyer College-Hammond   |
| 015564        | Sawyer College-Merrillville  |
| E00624        | Taylor University-Fort Wayne   |
| 001838        | Taylor University-Upland   |
| 001839        | Tri-State University-Angola/Fort Wayne/South Bend                                |
| 001795        | University of Evansville   |
| 001804        | University of Indianapolis   |
| 001840        | University of Notre Dame   |
| 001832        | University of Saint Francis  |
| 001808        | University of Southern Indiana   |
| 001842        | Valparaiso University  |
| 001843        | Vincennes University   |
| 001844        | Wabash College   |



| Title IV<br>Code | College   |
|------------------|---|
|                  | Eligible institutions only for students residing in Dearborn, Franklin, Jefferson, Ohio, Ripley, or<br>Switzerland counties |
| 010345           | Cincinnati State Technical College  |
| 009275           | Northern Kentucky University  |
| 003125           | University of Cincinnati  |

**Appendix: Commission Budget Requests**

Assumptions used in the four budget requests are included on each page. Included also are notes describing in more detail each line of the request. Although four separate budget requests are presented, they can be organized into three overview perspectives:

**1. Flat-lined budgets**

- a. GEAR UP and 21st Scholar Early Intervention
- b. Selected Programs

**2. Requested increases**

- a. General Administration
- b. Part-time Grants and Fee Remissions

**3. Options for Frank O'Bannon and 21st Scholarship**

- a. Higher Education Award and Freedom of Choice Grant and 21<sup>st</sup> century Scholarship

**Flat-lined budgets special notes:****Table 24: Flat-lined Budgets**

| Program                           | Base FY07<br>\$ | FY08<br>\$ | FY09<br>\$ |
|-----------------------------------|-----------------|------------|------------|
| Hoosier Scholars                  | 400,000         | 400,000    | 400,000    |
| Minority Teacher and Special Ed.  | 399,768         | 399,768    | 399,768    |
| National Guard Supplemental Grant | 3,299,821       | 3,299,821  | 3,299,821  |
| Nursing Scholarship Program       | 402,142         | 402,142    | 402,142    |
| Reciprocity Agreements (OH&KY)    | 603,407         | 603,407    | 603,407    |
| State College Work Study          | 805,189         | 805,189    | 805,189    |

**Requested increases special notes:****General Administration**

- Like all administrative agencies, the Commission's administrative budget has been reduced or flat-line in recent years straining its ability to maintain its level of technology and productivity.
- At the same time the Commission has taken on more programs and expanded existing ones:
  - Collection of Core 40 and Academic Honor Diploma data.
  - National Guard Supplemental Grant.
  - Fee Remission Programs for children of veterans and public safety officers.
- **Request for training and additional consultant support:**
  - Training for a compliance officer to audit colleges and universities.
  - Increased IT consultants to implement needed upgrade to technology.
- **Unfunded mandates in next biennium:**
  - Transition to the PeopleSoft Financial system will cost \$26,000 per year.
  - Proposed transition to centralized IT maintenance services could cost \$83,000 per year.

**Part-time Grant and Fee Remission**

- The **Part-time Grant Program** is designed to encourage degree-seeking part-time undergraduates to start or complete their Associate or Baccalaureate degrees by subsidizing part-time tuition costs.



- Ivy Tech has asked the Commission to request increases in Part-time funds to coincide with their programs to increase retention and target adult learners. In particular they have noted:
- *"... with the anticipated growing need of students choosing to attend community colleges and our expanded mission to work with business and industry to offer for-credit programs for workforce development, additional appropriation of part-time grant dollars will be critical to Ivy Tech."*
- The **Fee Remission Program** pays 100% of tuition and fees at public colleges for eligible children of disabled Indiana veterans and eligible children and spouses of certain Indiana public safety officers killed in the line of duty.
  - The Fee Remission program is an entitlement and its costs grow directly with increases in tuition and course fees, all of which are covered.
  - FY07 saw the re-instatement of benefits for children of veterans with disability ratings of 0% which had been disallowed in FY06.
  - Funds reduced by \$1.5M in FY05 and in FY06 and not re-instated.

**Early intervention****FY06 and FY07**

- Saw the state's contribution to the Early Intervention Program for Twenty-first Century Scholars cut by 50% from \$4M to \$2M annually
- Indiana's new 5 year federal GEAR UP grant limited to \$3.1M annually from the previous \$5M.

**New model**

- Before the state cuts were known, the new GEAR UP grant was designed on a Regionalization Management Model based on state-wide sharing of resources and accountability with measurable objectives.
- Increased dependence on information systems because of reduced support staff requires an upgrade in an approved IT position.

**Table 25: Increased Budgets**

| Program                             | Base FY07<br>\$ | FY08<br>\$  | FY09<br>\$  |
|-------------------------------------|-----------------|-------------|-------------|
| Administration                      | 1,240,723       | 1,491,906   | 1,491,906   |
| Part-time Grant                     | 5,250,000       | 6,650,000   | 7,100,000   |
| Fee Remission                       | 18,148,108      | 20,055,513  | 20,150,884  |
| 21 <sup>st</sup> Early Intervention | \$2,000,000     | \$2,021,442 | \$2,021,442 |

**Options for Frank O'Bannon and 21st Scholarship special notes:**

Assumptions for each year of the biennium:

- **Tuition increases at public colleges of 6%.**
  - Depends on appropriations to public colleges. If appropriations are at institutional request level, tuition increases could be less in one or both years, else they could be in the 5% to 6% range.
  - Increases in public college tuition also increases maximum Twenty-first Century Scholarship at private colleges by the same rate.
- **Tuition increases at private colleges of 5%.**
  - Increases at private colleges are considered because some have tuitions currently below the maximum but with increases could exceed it.



- **Maximum awards frozen at 2006-07 levels.**
  - \$5,692 and \$10,272 in both years of the biennium.
- **Increase of students needing aid of 3.5%.**
  - In recent years increases in students needing aid fluctuated from over 11% to a drop of 3%. The average increase has been 5% (see Table 7, page 13, in the text).
- **Use FY07 carry-over to offset FY08 appropriations.**
  - FY07 carry-over can be used only in FY08. For FY09 the assumption is little or no carry-over beyond mandatory reserves.
- **Set mandatory reserves to 3% - 4% of offered awards.**
  - This is a reduction from previous practice of reserves at 5% to 6%.

It must be kept in mind that:

- An award to students at private colleges includes **both** Higher Education Award and Freedom of Choice Grant and is determined by the maximum award level.
  - Changes require appropriate increases in both HEA and FOC funding, that is, increasing one without the other does not guarantee an increase in student awards.
- The 21st Scholarship is **an entitlement** based on promises made to middle school students.
  - It is a **supplement** to Frank O'Bannon: as FOB goes down, 21st goes up and conversely.
  - As public college tuition goes up, so does then maximum Scholarship at private colleges which is based on public college tuitions.
  - It covers **actual current** year tuition at public colleges and not maxima.
  - **Expected increases** due to enrollment of both 7th and 8th graders starting in 2001-02 are a guaranteed cost increase that must be met.

**Notes for the budget request Table 26:**

- (1) Depends on model chosen for award estimates.
- (2) Per request from Ivy Tech Community College for enhanced grants to part-time and returning adults.
- (3) Considered entitlement programs with guaranteed awards.
- (4) Assume 5% increase in tuition and fees plus re-introduction of 0% disability rating. 3% increase in tuition and fees optimistic.
- (5) Potential reduction due to large carry over in 2006-07 and mandatory reserves set at a low value of 3% for FOB.
- (6) Increase required because of jump in enrollment when students in 7th and 8th grade enrolled in 2001 and later. Required even if FOB awards not increased.
- (7) Depends on model assumptions.
- (8) Fill one vacant position and add a new staff position, plan for rental and mail services, and pay PeopleSoft Financials costs and proposed centralizing of IT services by Indiana Office of technology.

**Table 26: Preliminary Budget for Discussion**

State Student Assistance Commission of Indiana  
Biennial Budget Transmittal FY08 & FY09 (AY07 & AY08)  
September 30, 2006

**Budget Assumptions****For each year of the biennium:**

Tuition increases of 6.0% in public college tuition

Tuition increases of 5.0% in the private (and proprietary sectors)

Growth of 3.5% in the number of students offered state financial aid

**For the maximum awards in each year of the biennium:**

From the FY07 values of \$5,692 at public colleges and \$10,272 at private colleges

no changes in first year FY08 -- maximum awards stay the same as FY07

no changes in second year FY09 -- maximum awards stay the same as FY07

| Program   | Notes        | FY07<br>Base  | FY08<br>Additional<br>Request | FY09<br>Additional<br>Request | FY08<br>Total<br>Request | FY09<br>Total<br>Request |
|---|--------------|---------------|-------------------------------|-------------------------------|--------------------------|--------------------------|
| Higher Education Award  | (1)(7)       | \$120,674,940 | \$7,450,979                   | \$12,811,042                  | \$128,125,919            | \$133,485,982            |
| Freedom of Choice   | (1)(5)(7)    | \$46,035,799  | \$0                           | \$0                           | \$46,035,799             | \$46,035,799             |
| Hoosier Scholars  |              | \$400,000     | \$0                           | \$0                           | \$400,000                | \$400,000                |
| Reciprocity Agreements (Contract for Space)   |              | \$603,407     | \$0                           | \$0                           | \$603,407                | \$603,407                |
| Part-time Grant Award Program   | (2)          | \$5,250,000   | \$1,400,000                   | \$1,850,000                   | \$6,650,000              | \$7,100,000              |
| National Guard Supplemental Grant   |              | \$3,299,821   | \$0                           | \$0                           | \$3,299,821              | \$3,299,821              |
| Fee Remission (CDV/CVO)   | (3)(4)       | \$18,148,108  | \$1,907,405                   | \$2,002,776                   | \$20,055,513             | \$20,150,884             |
| Minority and Special Education Teacher Scholarship                                    |              | \$399,768     | \$0                           | \$0                           | \$399,768                | \$399,768                |
| State College Work Study  |              | \$805,189     | \$0                           | \$0                           | \$805,189                | \$805,189                |
| Nursing Scholarship Program   |              | \$402,142     | \$0                           | \$0                           | \$402,142                | \$402,142                |
| 21st Century Scholars Award Program   | (1)(3)(6)(7) | \$19,171,429  | \$6,374,656                   | \$9,061,390                   | \$25,546,085             | \$28,232,819             |
| 21st Century Scholars Administration & Early Intervention                             |              | \$2,000,000   | \$21,442                      | \$21,442                      | \$2,021,442              | \$2,021,442              |
| <i>Addition 1: Upgrading of approved IT position (salary and benefits) = \$21,442</i> |              |               |                               |                               |                          |                          |
| Scholarships & Grants Administration  | (8)          | \$1,201,998   | \$198,933                     | \$198,933                     | \$1,400,931              | \$1,400,931              |
| <i>Addition 1: Training and consultant support = \$11,000</i>                         |              |               |                               |                               |                          |                          |
| <i>Addition 2: PeopleSoft Financials charges = \$26,000</i>                           |              |               |                               |                               |                          |                          |
| <i>Addition 3: Facility and mailing service increases = \$78,933</i>                  |              |               |                               |                               |                          |                          |
| <i>Addition 4: Cost of centralized IOT services = \$83,000</i>                        |              |               |                               |                               |                          |                          |
| Total Awards, Grants & Administration (Base with required increases)                  |              | \$218,431,326 | \$17,353,415                  | \$25,945,583                  | \$235,746,016            | \$244,338,184            |



